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Los Angeles Office

FRANCHISE DISCLOSURE DOCUMENT
SWEET CANDY FRANCHISE, LLC

Sweet Candy Franchise, LLC
A Nevada limited liability company
929 W Barkley Avenue
Orange California 92868
714 507 1998
www sweetfactory com

We franchise self service candy and confections shops under the trade name **Sweet Factory**

We offer 2 franchise programs

Single Franchise Program Under the Single Franchise Program you may purchase an existing and operating Sweet Factory store or kiosk from Sweet Candy LLC a Nevada limited liability company (the **Operating Company**) and operate the store or kiosk under our Franchise Agreement or you may purchase a new store or kiosk which the Operating Company has constructed equipped and furnished but not yet opened for business (a **Turnkey Unit**) and operate the store or kiosk under our Franchise Agreement The total investment necessary to begin operations of an existing and operating Sweet Factory store or kiosk ranges from $376 500 to $2 121 500 for a turnkey Sweet Factory store, or $376 700 to $2 125 500 for a turnkey Sweet Factory kiosk These amounts include $50,000 that must be paid to the franchisor

Area Development Program Under the Area Development Program we grant development rights which enable you to open a specified number of Sweet Factory stores or kiosks within a specified area under individual Franchise Agreements The total investment necessary to begin operations of between 2 to 3 Sweet Factory stores ranges from $410 500 $2 157 500 for 2 stores to $446,500 to $2 189 800 for 3 stores These amounts include $55 000 for each Sweet Factory store or kiosk to be established (and a $5 000 training fee for the first Sweet Factory store or kiosk) that must be paid to the franchisor

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English Read the Disclosure Document and all accompanying agreements carefully You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with or make any payments to the Franchisor or an affiliate in connection with the proposed franchise sale **Note, however, that no government agency has verified the information contained in this document**

You may wish to receive your Disclosure Document in another format that is more convenient for you To discuss the availability of disclosures in different formats contact our Controller Royce Fernando 929 W Barkley Avenue Orange California 92868 (714) 507-1998

The terms of your contract will govern your franchise relationship Don t rely on the Disclosure Document alone to understand your contract Read all of your contract carefully Show your contract and this Disclosure Document to an advisor, like a lawyer or accountant

Buying a franchise is a complex investment The information in this Disclosure Document can help you make up your mind More information on franchising such as Buying a Franchise A Consumer Guide,' which can help you understand how to use this Disclosure Document is available from the Federal Trade Commission You can contact the FTC at 1-877 FTC HELP or by writing to the FTC at 600 Pennsylvania Avenue NW Washington DC 20580 You can also visit the FTC s home page at www ftc gov for additional information Call your state agency listed on Exhibit A or visit your public library for other sources of information on franchising

There may also be laws on franchising in your state Ask your state agencies about them

THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT IS MARCH 27, 2017

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state REGISTRATION OF THIS FRANCHISE WITH A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT Call the state franchise administrator listed on Exhibit A for information about the franchisor or about franchising in your state MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE IF ANY AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW

Please consider the following RISK FACTORS before you buy this franchise

1 THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT PERMIT YOU TO SUE US ONLY IN CALIFORNIA OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST MORE TO SUE US IN CALIFORNIA THAN IN YOUR HOME STATE

2 THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT REQUIRE THAT THE LAW OF CALIFORNIA GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS

3 YOUR SPOUSE AND THE SPOUSES OF YOUR OWNERS PARTNERS SHAREHOLDERS AND MEMBERS, IF YOU ARE AN ENTITY MUST SIGN THE FRANCHISE AGREEMENT AND PERSONALLY GUARANTEE ALL OBLIGATIONS OF THE FRANCHISED BUSINESS WHETHER OR NOT HE/SHE IS/ARE INVOLVED IN THE OPERATION OF THE FRANCHISED BUSINESS THIS REQUIREMENT PLACES YOUR PERSONAL ASSETS AND THE PERSONAL ASSETS OF YOUR SPOUSE AND THE SPOUSES OF YOUR OWNERS PARTNERS SHAREHOLDERS AND MEMBERS AT RISK

4 YOU MUST SIGN OUR INITIAL TRAINING AGREEMENT BEFORE YOU SIGN YOUR FRANCHISE AGREEMENT AND OPEN YOUR STORE AND MUST PAY US $5,000 FOR OUR INITIAL TRAINING PROGRAM IF YOU DO NOT SATISFACTORILY COMPLETE OUR INITIAL TRAINING PROGRAM IN OUR SOLE AND ABSOLUTE DISCRETION WE WILL REFUND ONLY $3 000 OF THE INITIAL TRAINING FEE TO YOU AND WILL RETAIN $2 000

5 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

LOCAL LAW MAY SUPERSEDE THESE FRANCHISE AGREEMENT PROVISIONS CERTAIN STATES REQUIRE THE SUPERSEDING PROVISIONS TO APPEAR IN AN EXHIBIT IN THIS DISCLOSURE DOCUMENT

See Next Page for State Effective Dates

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Documents be registered or filed with the state or be exempt from registration California Hawaii, Illinois Indiana, Maryland, Michigan Minnesota, New York North Dakota Rhode Island, South Dakota, Virginia Washington and Wisconsin

This Franchise Disclosure Document is registered on file or exempt from registration in the following states having franchise registration and disclosure laws with the following effective date

California _____, 2017
Illinois _____ 2017
Michigan _____, 2017
New York _____, 2017
Virginia _____, 2017
Washington _____, 2017

In all other states the effective date of this Franchise Disclosure Document is the issuance date of March 27, 2017

SWEET CANDY FRANCHISE, LLC

TABLE OF CONTENTS

ITEM 1	THE FRANCHISOR, ANY PARENTS, PREDECESSORS AND AFFILIATES	1
ITEM 2	BUSINESS EXPERIENCE	2
ITEM 3	LITIGATION	3
ITEM 4	BANKRUPTCY	3
ITEM 5	INITIAL FEES	3
ITEM 6	OTHER FEES	6
ITEM 7	ESTIMATED INITIAL INVESTMENT	11
ITEM 8	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	20
ITEM 9	FRANCHISEE'S OBLIGATIONS	24
ITEM 10	FINANCING	26
ITEM 11	FRANCHISOR S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS & TRAINING	28
ITEM 12	TERRITORY	39
ITEM 13	TRADEMARKS	42
ITEM 14	PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION	44
ITEM 15	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	44
ITEM 16	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	45
ITEM 17	RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION	46
ITEM 18	PUBLIC FIGURES	52
ITEM 19	FINANCIAL PERFORMANCE REPRESENTATIONS	52
ITEM 20	OUTLETS AND FRANCHISEE INFORMATION	53
ITEM 21	FINANCIAL STATEMENTS	62
ITEM 22	CONTRACTS	62
ITEM 23	RECEIPTS	63

EXHIBITS

Exhibit A --	State Administrators and Agents for Service of Process
Exhibit B -	Table of Contents to Manual
Exhibit C --	Financial Statements
Exhibit D -	Initial Training Agreement
Exhibit E -	Franchise Agreement and Attachments
Exhibit F --	Addendum for Store Purchase
Exhibit G --	Addendum for Purchase of Turnkey Unit
Exhibit H --	Area Development Agreement and Attachments
Exhibit I -	Asset Purchase Agreement and Attachments
Exhibit J --	Franchise Compliance Certification
Exhibit K --	List of Franchisees
Exhibit L --	State Specific Addenda
Exhibit M --	Candidate Confidentiality Agreement
Exhibit N --	Non Disclosure and Confidentiality Agreement for Employees of Franchisee
Exhibit O -	Receipts

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

Sweet Candy Franchise LLC (**SCF** , **we** or **us**) is a limited liability company which was organized in Nevada on March 4 2003 Our principal business address is 929 W Barkley Avenue Orange California 92868 We do business under our corporate name as well as under the trade name **Sweet Factory** We do not do business under any other names **You** or "**Franchisee** means the business entity, person or persons who sign our Franchise Agreement

Our agents for service of process are listed in **Exhibit A**

Our Parents, Predecessors and Affiliates

Our affiliate Sweet Candy LLC (the **Operating Company**) currently owns and operates 11 Sweet Factory stores in 2 states The Operating Company is a limited liability company which was organized in Nevada on July 27 2002 The principal business address of Sweet Candy LLC is 929 W Barkley Avenue Orange California 92868 On August 6, 2002 the Operating Company acquired the assets of 90 Sweet Factory Stores from Sweet Factory Group Inc Sweet Factory Inc , SF Candy Company and SF Properties Inc (the **Predecessors**) who were then operating these businesses following their filing of reorganization proceedings under Chapter 11 of the U S Bankruptcy Code The Operating Company s principal business address and telephone number are 929 W Barkley Avenue, Orange California 92868, (714) 507-1998 Neither the Operating Company nor its predecessors offered franchises for sale in this or any other line of business Sweet Factory Group Inc , Sweet Factory, Inc SF Candy Company and SF Properties, Inc s principal business addresses are also 929 W Barkley Avenue Orange California 92868

Our former affiliate Signature Distribution, LLC a Nevada limited liability company formerly known as CandyWorks LLC (**Signature**) is a distributor that sold candy inventory to the Operating Company and our franchisees until May 31 2009 Signature was sold to an unrelated third party on June 1 2009 We do not have any parents

The Sweet Factory Franchise

The Sweet Factory franchise is an owner operated self-service candy and confection in-line store (a **Store**) or kiosk (a ' **Kiosk**) which is identified by certain trade names, service marks and trademarks such as **Sweet Factory** (the **Proprietary Marks**) and offer one-price candy and confections in bulk for sale to the general public (the **System**) The distinguishing characteristics of the System include candy gifting and novelty items which incorporate Franchisor s trade secrets and proprietary information (the **Proprietary Products**) operating methods and business practices, the relationship between Franchisor and its franchisees distinctive exterior and interior design, decor color scheme fixtures and furnishings standards and specifications for products and supplies, service standards uniform standards, specifications, and procedures for operations, procedures for inventory and management control, training and assistance advertising and promotional programs, Franchisor s websites, Franchisor specified pricing, restrictions on ownership standard operating and administrative procedures and management and technical programs all of which may be changed improved and further developed by Franchisor in the future If we offer you a franchise you will sign a franchise agreement (a **Franchise Agreement**) which will grant you the right to establish and operate a Store or a Kiosk at a location specified in the Franchise Agreement (the **Franchised Location**) Your franchise will

either be (1) an in line store in a shopping mall, shopping center strip shopping center or a corner or mid block property in a commercial area or (2) a Kiosk located in a shopping mall or shopping center The one price bulk candy and confection business is well established and very competitive Stores and Kiosks will compete with other one-price bulk candy and confection stores and other retail businesses which sell candy and confections

The Franchises Offered

We offer 2 separate franchise programs in this Disclosure Document though we may not necessarily allow you the opportunity to purchase under either of these programs

Single Franchise Program Under this program you will sign a Franchise Agreement for one Sweet Factory self service candy and confection in-line Store We grant you a franchise when (1) you purchase an existing and operating Sweet Factory Store or Kiosk from the Operating Company under an Asset Purchase Agreement (the **Asset Purchase Agreement**) and operate the business of the Store or Kiosk under a Franchise Agreement and an Addendum for Store Purchase (a **Purchase Addendum**) or (2) when you purchase a new Store or Kiosk from the Operating Company under an Asset Purchase Agreement which the Operating Company has constructed equipped and furnished, but not yet opened for business (a **Turnkey Unit**) and operate the business of the Store or Kiosk under a Franchise Agreement and an Addendum for Purchase of a Turnkey Unit (a **Turnkey Addendum**)

Area Development Program Under this program we offer an Area Development Agreement (a **Development Agreement**) which grants you rights to operate a specified number of Stores or Kiosks in a specified area (the **Development Area**) according to a development schedule (the **Development Schedule**) in the Development Agreement You will sign a separate Franchise Agreement for each Store or Kiosk

Industry-Specific Regulations

You must comply with all local, state, and federal laws that apply to your Store including health sanitation, no smoking, discrimination, employment, and sexual harassment laws The Americans with Disability Act of 1990 requires readily accessible accommodation for disabled people and therefore may affect your building construction site elements, entrance ramps doors seating bathrooms drinking facilities, etc You must obtain real estate permits and licenses and operational licenses You should consult with your attorney concerning these and other local laws and ordinances that may affect your Store

ITEM 2

BUSINESS EXPERIENCE

Controller — **Royce Fernando**

Royce Fernando became our Controller in 2007 and is the individual responsible for the sale and operations of the franchise

ITEM 3

LITIGATION

Triune, LLC v Rajiv Khatau, Global Retail Enterprises, LLC and Ask Universal, LLC, U S District Court for the Northern District of Illinois, Eastern Division, Case No 10 CV-02700 filed April 30, 2010 Triune LLC the franchisor of Baja Fresh Restaurants filed an Amended Complaint for unspecified damages for breach of contract trademark infringement unfair competition and violations of the Illinois Deceptive Trade Practices Law against a terminated franchisee who purchased 6 Baja Fresh Restaurants from Fresh Enterprises LLC in March 2009 operated the Restaurants as a Baja Fresh franchisee and sublessee for approximately one year defaulted in the payment of the purchase price royalty advertising fees and rent continued to operate the Restaurants using the Baja Fresh proprietary marks after termination and then abandoned the businesses Despite their signatures on 6 separate and individual General Releases and representation by counsel throughout the transactions, on December 30 2010 the defendants filed a Counterclaim against Triune LLC Fresh Enterprises LLC, David Kim, our former Chief Executive Officer and Managing Member and formerly the Baja Fresh Chief Executive Officer and Managing Member Thomas Grady Jr formerly the Baja Fresh Director of Franchise Development and James Walker formerly the Baja Fresh Chief Development Officer alleging fraud and breach of contract on their part in connection with the sale of the Restaurants and violations of the Illinois Franchise Disclosure Act and Consumer Fraud and Deceptive Business Practices Act Defendants are seeking an unspecified amount of damages rescission of all pertinent documents and a declaratory judgment that those documents are void The Court dismissed the matter on April 24, 2012 as a result of a stay order involving a member of BF Acquisition Holdings, LLC a Delaware limited liability company, JHW Greentree LLC, issued on February 10, 2012 in United States of America on behalf of its agency , the United States Small Business Administration v JHW Greentree Capital LP the United States District Court of Connecticut Case No 3 12-cv-00116 VLB

Other than this one action no litigation is required to be disclosed in this Item

ITEM 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item

ITEM 5

INITIAL FEES

Franchise or Development Application

You must pay us an Application Fee of $10 000 when you submit your application for your franchise The Application Fee is uniform to all individuals applying to purchase a franchise If you sign a Franchise Agreement or a Development Agreement we will credit the entire $10 000 towards the Initial Franchise Fee or development fee If you do not become a Sweet Factory franchisee or developer for any reason we will retain $500 for each person who applied for the franchise, including you, and will refund the balance of the Application Fee to you within 30 days after your application is denied You must sign a mutual general release when the refund is paid which will release any claims which either you or we may have against the other arising out of the application for the franchise

Initial Training Fee for First Store

Before you are eligible to sign a Franchise Agreement for your first Store you (or a principal of yours acceptable to us and who holds at least a 10% equity interest in your entity) must successfully complete our 2

week initial training program (the **Initial Training Program**') You must pay us $5 000 for our Initial Training Program when you sign our Initial Training Agreement (the **Initial Training Fee**) We will provide the Initial Training Program for you and for one management employee for this $5,000 The Initial Training Fee is uniform to all individuals applying to purchase a franchise You must complete our Initial Training Program to our satisfaction to be eligible to sign a Franchise Agreement for your first Store If you complete the Initial Training Program to our satisfaction we will credit the entire Initial Training Fee towards the Initial Franchise Fee for your first Store when we sign the Franchise Agreement for the Store If you (1) fail to complete the Initial Training Program within 6 months after we sign the Initial Training Agreement (2) do not complete the Initial Training Program to our satisfaction, (3) do not during the Initial Training Program, appear to possess the skills necessary to properly 'fulfill and discharge the demands and responsibilities required by the System or a Franchise Agreement or (4) are not acceptable to become a franchisee for any reason whatsoever, in our sole and absolute discretion the Initial Training Agreement will automatically terminate you will not be eligible to become a franchisee we will retain $2 000 of the Initial Training Fee and will refund the $3 000 balance of the Initial Training Fee to you within 30 days You must sign a mutual general release when the refund is paid which will release any claims which either you or we may have against the other arising out of your purchase of our franchise You will not receive a refund of the Initial Training Fee under any other circumstances The portion of the fees we retain is our a reasonable estimate of the costs administrative expenses loss of foregone opportunities and other damages which we are likely to incur and are believed to be reasonable under the circumstances

If you would like us to train additional trainees for you the Initial Training Fee for each additional trainee is $3,000 payable in full when you sign the Initial Training Agreement, is fully earned when paid and is not refundable

You should not sign a lease for a Store until we notify you that you have successfully completed the Initial Training Program We do not charge an Initial Training Fee for your second or subsequent Stores

Single Franchise Program

You must pay an initial franchise fee of $35,000 for each Store or Kiosk (the **Initial Franchise Fee**') The Initial Franchise Fee is payable after you complete our Initial Training Program and when you sign the Franchise Agreement The Initial Franchise Fee is uniform to all individuals applying to purchase a franchise We will refund $20,000 of the Initial Franchise Fee to you (1) if you do not open the Store or Kiosk for business within 6 months after we sign a Franchise Agreement, (2) if we conclude (in our sole and absolute discretion) after your completion of the Initial Training Program and prior to the opening of the store or Kiosk for business that you do not appear to possess the skills necessary to properly fulfill and discharge the demands and responsibilities required by the System or a Franchise Agreement or (3) if we conclude that you are not acceptable to become a franchisee for any reason whatsoever in our sole and absolute discretion Refunds are payable within 30 days after the Franchise Agreement is terminated You must sign a mutual general release when the refund is paid which will release any claims which either you or we may have against the other arising out of the termination of the Franchise Agreement The Initial Franchise Fee is not refundable under any other circumstances

The Initial Franchise Fee will be used to compensate us for the services we provide in connection with our selection of the Franchised Location our acquisition of the Franchised Location your Initial Training Program and our loss of other franchise sales opportunities with respect to your Store

Area Development Program

If you sign a Development Agreement you must pay a development fee of $10 000 for each Store to be developed in your territory under the Development Agreement The development fee is payable in full when the Development Agreement is signed and is not refundable The number of units to be developed in your territory will be described in the Development Schedule which is a part of the Development Agreement We determine the number of units you can develop and operate before you sign the Development Agreement The development fee will be credited towards the Initial Franchise Fee for each Store

Other Initial Expenses

When you purchase an existing operating Sweet Factory Store or Kiosk from the Operating Company, you will make additional payments to us before the opening of your Store or Kiosk A summary of these items and services (including an estimate of their cost) is described in Item 7 under the heading **Purchase of an Existing and Operating Store or Kiosk** These additional payments are non-refundable

When you purchase a Turnkey Unit from the Operating Company, you will make additional payments to us before the opening of your Store or Kiosk A summary of these items and services (including an estimate of their cost) is described in Item 7, under the heading **Purchase of a Turnkey Unit (New Store or Kiosk)** These additional payments are non refundable The initial franchise fee for the purchase of a Turnkey Unit is the same as the initial franchise fee for the purchase of an Existing or Operating Store or Kiosk

Initial Local Advertising Program

If you purchase a Turnkey Unit we may require you to prepare and conduct an initial local advertising program when the Store or Kiosk first opens If we require you to prepare an initial local advertising program you must spend $500 - $2,000 for this initial advertising with third party vendors Your payments to these vendors may or may not be refundable based upon the policies of your vendors

Site Evaluation Fee

No fee is imposed for the first site evaluation by us We will charge you $500 for each evaluation of additional proposed sites for the Store Site evaluation fees are non-refundable

Security Deposit Due Under Sublease

If you sublease the store from us or our affiliate you must pay us a security deposit equal to 1 – 3 month s rent If you fully perform your obligation under your Sublease we will return your security deposit to you at the expiration of the term of your Sublease and after you vacate the Franchised Location

Different Fees

We may reduce finance, defer or waive the Initial Training Fee Initial Franchise Fee or Development Fee if and when we determine in our sole discretion it is warranted by a unique or compelling situation

Except for the circumstances described in this Item 5 we do not refund any initial fee

ITEM 6

OTHER FEES

NAME OF FEE	AMOUNT	DATE DUE	REMARKS
Royalty	5 0% of **Gross Revenue** as defined in the Franchise Agreement	Payable weekly by electronic funds transfer or other automatic payment mechanism we designate, on Wednesday of each week on the Gross Revenue for the prior week (Weekly periods begin and end at 11 59 P M on Sundays)	Gross Revenue means all revenue from the sale of all products and services and all other income of every kind related to the Store except taxes
Advertising	An amount we will determine, which will not be less than 1% or more than 2% of weekly Gross Revenue We do not require the payment of an advertising fee as of the date of this Disclosure Document	Same as Royalty Fee	See Item 11 for details
Transfer Fee and New Franchisee Training Fee[1] (Franchise Agreement)	Transfer Fee $5 000 plus our out of pocket costs associated with the transfer including attorneys fees associated with the transfer New Franchisee Training Fee $5 000 for up to 3 trainees	At Transfer	An administrative fee of $500 is imposed for transfers to corporations partnerships, limited liability companies or any other business entity you own
Extension Fee	1/2 of the then current Initial Franchise Fee to extend the term of the Franchise Agreement	Upon extension of the term	You are granted two 5 year options to extend the term of the Franchise Agreement
Additional Initial Training	$3,000 per person	Upon Demand	We will train you and one management employee for the $5,000 Initial Training Fee
Remedial Training	To be determined	Upon Demand	If we determine it to be necessary we may provide you with on-site remedial training or assistance

NAME OF FEE	AMOUNT	DATE DUE	REMARKS
			subject to the availability of our personnel You will pay us any fee which we may charge you and other franchisees to defray the direct costs of providing this remedial training In addition, you will be responsible for any and all other expenses incurred in connection with sending your employees to remedial training including the costs of transportation lodging meals, training materials and any wages We will in our sole discretion, select the time and location of all remedial training
Initial Local Advertising Program	$500 - $2 000	When the Store or Kiosk first opens	If you purchase a Turnkey Unit, we may require you to prepare and conduct an initial local advertising program when the Store or Kiosk first opens
Audit by Franchisor	Amount due plus costs of audit	Upon Demand	If an audit discloses an underpayment of Gross Revenue due to us of 3% more you must pay us the amount in error plus our costs and expenses for the audit
Gross Up Fees	Varies with circumstances	Upon demand	To insure that we receive a full 5% of Gross Revenue as the royalty fee and advertising fee that is due, you must pay us whether in arrears, in advance in a lump sum or in the same manner that you pay us royalty and advertising fees the amount of all taxes we must pay on revenue we earn or collect based upon

NAME OF FEE	AMOUNT	DATE DUE	REMARKS
			your use of our intellectual property or other intangibles or based upon the existence of the Franchise Agreement
Interest on Overdue Payments	Lesser of 18% per year or maximum rate permitted by law	Upon Demand	Payable on overdue amounts
Reimbursement of monies paid by us on your behalf	Varies with circumstances	15 days after request	Covers cost of insurance and other payments you fail to make and which we make on your behalf
Evaluation of proposed sites for the Store	$500	At time of evaluation	No fee is imposed for the first site evaluation by us See Item 11 for details
Supplier Approval Fee	$2 000 - $3,000	Upon Demand	You may recommend suppliers to us at any time You must pay our reasonable costs and expenses if you request us to inspect and evaluate a proposed supplier
Legal Fees	$3 000 - $6 500	On the closing date of your purchase of the Store	If you purchase an Operating Store or a Turnkey Store you may be required to pay our legal fees for the preparation of the purchase and sale documents for each Store purchased as well as your own attorneys fees
Other Costs and Attorneys Fees	Will vary under circumstances	Upon Demand	You must reimburse us for our expenses in enforcing or terminating the Initial Training Agreement Franchise Agreement Development Agreement Asset Purchase Agreement Sublease and Guarantees

NAME OF FEE	AMOUNT	DATE DUE	REMARKS
Indemnification	Will vary under circumstances	Upon Demand	You must reimburse and pay our attorneys fees if we are held liable for claims from your operation of the Store
Liquidated Damages	An amount equal to twice the total Royalty Fees paid (or if unpaid payable) by you during the 12 months immediately preceding the effective date of termination	Within 30 days following the date of termination	Payable only if you default and we terminate your Franchise Agreement
Additional Training	Will vary under circumstances We may charge you and our franchisees fees to defray our direct costs of providing services ($10 - $1,500)	Upon Demand	You and your management personnel must attend additional training programs at your expense
Web Page Fee	$100 $1 000 per year	Upon Demand	You must pay us a reasonable fee for the privilege of having your Web Page
Web Site Maintenance Costs	$100 $1,000 per year	As established in the our manuals	You must pay a reasonable fee towards the cost of maintenance of the Web site
Computer Maintenance Costs	$400 per year	As arranged	Paid to 3rd party vendors
Security Deposit Due Under Sublease	Equal to 1 – 3 Month s Rent	When You Sign the Sublease	If you default the Operating Company may apply your deposit against the amount you owe and if we do so you must restore the security deposit to its original amount within 10 days after the Operating Company demands payment

NAME OF FEE	AMOUNT	DATE DUE	REMARKS
Sublease Administration Fee	Up to 10% of the Rent due under the Master Lease	Monthly	You must pay an amount equal to the Rent the Operating Company pays to the Master Landlord under its Master Lease for the Franchised Location **PLUS** up to 10% of the Rent as a sublease administration fee as we determine We may waive payment in our discretion
Interim Management Fee	To be determined	As incurred	If you are in default under the Franchise Agreement, and we elect to assume interim management of your franchised business during the pendency of any cure period or in lieu of immediately terminating your Franchise Agreement, we may charge you a reasonable fee for management services

NOTES

All fees are imposed by and are payable to us unless otherwise noted Any interest owed begins to accrue from the date of underpayment No other fees or payments are to be paid to us, nor do we impose or collect any other fees or payments for any third party Any fees paid to us are non-refundable unless otherwise noted

ITEM 7

ESTIMATED INITIAL INVESTMENT

1 **SINGLE FRANCHISE PROGRAM**

YOUR ESTIMATED INITIAL INVESTMENT

Purchase of Existing and Operating Store or Kiosk

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Initial Training Fee (for first Store only)[1/]	$5,000	Cash	When you sign the Initial Training Agreement If you complete the Initial Training Program for your first Store to our satisfaction we will credit the entire Initial Training Fee towards the Initial Franchise Fee for your Store when we sign the Franchise Agreement for the Store	Us
Initial Franchise Fee[1/]	$35 000	Cash	When you sign the Franchise Agreement	Us
Franchise or Development Application Fee[2/]	$10 000	Cash	When you submit your application for your franchise	Us
Purchase of Business of Existing and Operating Store or Kiosk[3/ and 9/]	$300 000 $2 000 000	Cash	As Negotiated	Operating Company
Real Estate Lease [4/]	See Note 3	Cash	As Required	Landlord
Insurance [5/]	$1 500 – $3 000	Cash	Annually	Insurers
Training [6/]	$1 500 – $5 000	Cash	Before Closing	Suppliers of transportation food and Lodging, Your employees us
Computer Equipment	$2 000 - $3 500	Cash	Before Opening	Approved Suppliers
Initial Inventory and Operating Supplies [7/]	$10 000 – $20,000	As Arranged	At Closing	Operating Company
Legal Fees[9/]	$1 000 $3,000	Cash	Cash	Legal & State

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
Additional Initial Expenses[8/]	$500 - $8 000	Cash	At Closing	Us or the Operating Company
Additional Funds – 3 months [10/]	$10,000 - $30 000	Cash	During the first 3 months of operations	Various
TOTAL ESTIMATED INITIAL INVESTMENT[11/]	**$376,500 $2,121,500**			

NOTES

Except as otherwise described below any payment to us is not refundable

1/ The Initial Training Fee is described in Item 5 of this Disclosure Document You must complete our Initial Training Program to our satisfaction to be eligible to sign a Franchise Agreement for your first Store If you complete the Initial Training Program to our satisfaction we will credit the entire Initial Training Fee towards the Initial Franchise Fee for your first Store when we sign the Franchise Agreement for the Store If you (1) fail to complete the Initial Training Program within 6 months after we sign the Initial Training Agreement (2) do not complete the Initial Training Program to our satisfaction (3) do not during the Initial Training Program appear to possess the skills necessary to properly fulfill and discharge the demands and responsibilities required by the System or a Franchise Agreement or (4) are not acceptable to become a franchisee for any reason whatsoever in our sole and absolute discretion the Initial Training Agreement will automatically terminate you will not be eligible to become a franchisee we will retain $2 000 of the Initial Training Fee and will refund the $3,000 balance of the Initial Training Fee to you within 30 days You must sign a mutual general release when the refund is paid which will release any claims which either you or we may have against the other arising out of your purchase of our franchise You will not receive a refund of Initial Training Fee under any other circumstances

The Initial Franchise Fee is described in Item 5 of this Disclosure Document We will refund $20 000 of the Initial Franchise Fee to you (1) if you do not open the Store or Kiosk for business within 6 months after we sign a Franchise Agreement, (2) if we conclude (in our sole and absolute discretion) after your completion of the Initial Training Program and prior to the opening of the store or Kiosk for business that you do not appear to possess the skills necessary to properly fulfill and discharge the demands and responsibilities required by the System or a Franchise Agreement or (3) are not acceptable to become a franchisee for any reason whatsoever in our sole and absolute discretion Refunds are payable within 30 days after the Franchise Agreement is terminated You must sign a mutual general release when the refund is paid, which will release any claims which either you or we may have against the other arising out of the termination of the Franchise Agreement

2/ You must pay us an Application Fee of $10 000 when you submit your application for your franchise The Application Fee is uniform to all individuals applying to purchase a franchise If you sign a Franchise Agreement or a Development Agreement we will credit the entire $10 000 towards the Initial Franchise Fee or development fee If you do not become a Sweet Factory franchisee or developer for any reason, we will retain

$500 for each person who applied for the franchise, including you and will refund the balance of the Application Fee to you within 30 days after your application is denied

3/ The purchase price of an ongoing business typically depends on the business s gross cash flow the remaining term of the master lease and the value of the leasehold In the typical case, you will purchase all assets of the business owned by the Operating Company, including the goodwill of the business other than the goodwill associated with the various Proprietary Marks, receive an assignment of all relevant commercial contracts and sublease the Franchised Location from the Operating Company under a Sublease (the **Sublease**) substantially in the form of **Attachment G** to the Asset Purchase Agreement In the typical case you will pre pay one month s rent and a security deposit equal to 1 - month s rent and a security deposit equal to 1 to 3 month s rent for the Franchised Location when you complete the purchase of the assets The Operating Company will generally retain all liabilities of the former business The purchase price and the terms of the Asset Purchase Agreement and its Attachments will vary considerably among businesses, depending upon the gross cash flow for the existing business the value of the leasehold any unique characteristics regarding each transaction and ongoing business financing arrangements and other factors and are negotiable

4/ A Store will be located in a shopping mall or shopping center in a 500 – 2 000 square foot site The total cost for a site of this nature generally ranges from $1 250 to $16 000 per month, depending upon the local real estate market the amount of leasehold improvements required local construction ordinances, current construction costs in the area and your credit worthiness A Kiosk will be located in a shopping mall or shopping center in a 150 – 300 square foot site The minimum cost for a site of this nature generally ranges from $2,500 to $6,000 per month If you purchase an existing operating Sweet Factory Store or Kiosk from the Operating Company the Operating Company will lease the Franchised Location from the Master Landlord under a Master Lease and will sublease the Franchised Location to you under our then current Sublease You must pay the Operating Company a security deposit equal to 1 – 3 months rent

5/ This estimate covers the annual costs for required coverage

6/ Training is described in Item 5 and Item 11 of this Disclosure Document This estimate includes transportation, living expenses and wages for trainees Generally these costs will vary widely with the distance traveled, the accommodations selected and the mode of transportation selected

7/ Typically you will purchase the existing candy confection and operating supplies inventory from the Operating Company as a separate transaction based on the actual inventory at closing

8/ Additional initial expenses you may pay us include additional training fees of $3 000 per each additional trainee a site evaluation fee of $500 per site after the first site, and a security deposit under your Sublease equal to 1 – 3 month s rent See Item 5

9/ If you purchase an ongoing business you may be required to pay our legal fees for the preparation of the purchase and sale documents as well as your own attorneys fees

10/ You must at all times maintain adequate reserves and working capital sufficient for you to fulfill all your obligations under the Franchise Agreement and to cover the risks and contingencies of the franchised business for at least 3 months The estimates provided above do not include pre opening training expenses pre opening food waste managerial salaries or any payment to you The need for additional funds will vary widely among franchisees If you purchase an existing operating Sweet Factory Store or Kiosk from the Operating

Company the need for additional funds should not be the same as it may be for a new Sweet Factory Store or Kiosk however there is no assurance that additional funds will not be necessary during or after you purchase the Store or Kiosk We relied upon the experience of the Operating Company in opening Sweet Factory Stores and Kiosks when preparing these figures

11/ The table, together with its footnotes estimates your initial investment for an existing operating Sweet Factory Store or Kiosk purchased from the Operating Company These expenditures will vary depending on factors such as real estate costs, your financial condition and the business decisions you make Therefore there can be no assurance that your experience will correspond with the information in the table We do not offer financing to you if you purchase an existing Sweet Factory Store or Kiosk

YOUR ESTIMATED INITIAL INVESTMENT

Purchase of Turnkey Unit (New Store or New Kiosk)

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Training Fee (for first Store only)[1/]	$5,000	Cash	When you sign the Initial Training Agreement If you complete the Initial Training Program for your first Store to our satisfaction, we will credit the entire Initial Training Fee towards the Initial Franchise Fee for your Store when we sign the Franchise Agreement for the Store	Us
Initial Franchise Fee[1/]	$35,000	Cash	When you sign the Franchise Agreement	Us
Franchise or Development Application Fee[2/]	$10 000	Cash	When you submit your application for your franchise	Us
Purchase of Turnkey Unit-Store [3/]	$300,000 $2 000 000	Cash	As Negotiated	Operating Company
Purchase of Turnkey Unit Kiosk [3/]	$300 000 $2 000,000	Cash	As Negotiated	Operating Company
Real Estate Lease[4/]	See Note 3	Cash	As Required	Landlord
Insurance [5/]	$1 500 – $3,000	Cash	Annually	Insurers
Training [6/]	$1,500 – $5,000	Cash	Before Closing	Suppliers of transportation, food and Lodging your employees us
Initial Inventory[7/]	$10 000 – $20 000	As Arranged	At Closing	Operating Company
Initial Small Wares, Supplies Uniforms [8/]	$1,700 – $2 500	As Arranged	Before Opening	Various Suppliers and Distributors
Opening Promotional Activities [9/]	$ 500 – $2,000	As Arranged	At or Before Opening	Media and other promoters
Additional Initial Expenses [10/]	$500 - $10,000	Cash	At Closing	Us or the Operating Company
Legal Fees [11/]	$1 000- $3 000	Cash	As incurred	Legal & State
Additional Funds 3 months	$10 000	Cash	During the first 3 months	Various

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
12/	$30 000		of operations	
TOTAL ESTIMATED INITIAL INVESTMENT FOR TURNKEY STORE 13/	**$375,700 $2,122,500**			
TOTAL ESTIMATED INITIAL INVESTMENT FOR TURNKEY KIOSK 13/	**$376,700 $2,125,500**			

2 AREA DEVELOPMENT PROGRAM (2 to 3 Stores)

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Training Fee (for first Store only)1/	$5 000	Cash	When you sign the Initial Training Agreement If you complete the Initial Training Program for your first Store to our satisfaction, we will credit the entire Initial Training Fee towards the Initial Franchise Fee for your Store when we sign the Franchise Agreement for the Store	Us
Initial Franchise Fee1/ (for 2 – 3 stores)	$50,000- $75,000	Cash	When you sign the Franchise Agreement	Us
Development Fee2/ (for 2 – 3 stores)	$20,000- $30 000	Cash	When you submit your application for your store	Us
Franchise or Development Application Fee2/	$10 000	Cash	When you sign the Franchise Agreement	Us
Purchase of Business of Existing and Operating Store or Kiosk3/	$300 000 $2 000 000	Cash	As Negotiated	Operating Company
Real Estate Lease 4/	See Note 3	Cash	As Required	Landlord
Insurance 5/	$1,500 – $3 000	Cash	Annually	Insurers
Training 6/	$1,500 –	Cash	Before Closing	Suppliers of

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	$5 000			transportation food and Lodging Your employees us
Computer Equipment	$2,000 $3,500	As Arranged	Before Opening	Approved Suppliers
Initial Inventory and Operating Supplies 7/	$10 000 – $20 000	As Arranged	At Closing	Operating Company
Additional Initial Expenses10/	$500 - $8,000	Cash	At Closing	Us or the Operating Company
Additional Funds – 3 months 12/	$10 000 - $30,000	Cash	During the first 3 months of operations	Various
TOTAL ESTIMATED INITIAL INVESTMENT/13 (for 2 to 3 stores)	**$410,500- $2,157,500 (2 stores) $446,500 to $2,189,800 (3 stores)**			

Notes

Except as otherwise described below any payment to us is not refundable Except as described in Item 10 below, we currently do not offer financing for any purpose, but reserve the right to do so in the future We do not guarantee your note lease or obligation

1/ The Initial Training Fee is described in Item 5 of this Disclosure Document You must complete our Initial Training Program to our satisfaction to be eligible to sign a Franchise Agreement for your first Store If you complete the Initial Training Program to our satisfaction we will credit the entire Initial Training Fee towards the Initial Franchise Fee for your first Store when we sign the Franchise Agreement for the Store If you (1) fail to complete the Initial Training Program within 6 months after we sign the Initial Training Agreement (2) do not complete the Initial Training Program to our satisfaction (3) do not, during the Initial Training Program appear to possess the skills necessary to properly fulfill and discharge the demands and responsibilities required by the System or a Franchise Agreement or (4) are not acceptable to become a franchisee for any reason whatsoever in our sole and absolute discretion the Initial Training Agreement will automatically terminate you will not be eligible to become a franchisee, we will retain $2,000 of the Initial Training Fee and will refund the $3 000 balance of the Initial Training Fee to you within 30 days You must sign a mutual general release when the refund is paid which will release any claims which either you or we may have against the other arising out of your purchase of our franchise You will not receive a refund of Initial Training Fee under any other circumstances

The Initial Franchise Fee is described in Item 5 of this Disclosure Document We will refund $20 000 of the Initial Franchise Fee to you (1) if you do not open the Store or Kiosk for business within 6 months after we sign a Franchise Agreement (2) if we conclude (in our sole and absolute discretion) after your completion of the Initial Training Program and prior to the opening of the store or Kiosk for business that you do not appear to possess the skills necessary to properly fulfill and discharge the demands and responsibilities required by the System or a Franchise Agreement or (3) are not acceptable to become a franchisee for any reason whatsoever in our sole and absolute discretion Refunds are payable within 30 days after the Franchise Agreement is terminated You must sign a mutual general release when the refund is paid which will release any claims which either you or we may have against the other arising out of the termination of the Franchise Agreement

2/ You must pay us an Application Fee of $10 000 when you submit your application for your franchise The Application Fee is uniform to all individuals applying to purchase a franchise If you sign a Franchise Agreement or a Development Agreement, we will credit the entire $10 000 towards the Initial Franchise Fee or development fee If you do not become a Sweet Factory franchisee or developer for any reason, we will retain $500 for each person who applied for the franchise, including you and will refund the balance of the Application Fee to you within 30 days after your application is denied

If you develop 2 Sweet Factory Stores under an Area Development Agreement your total development fees will be $20,000 and your total initial franchise fees will be $70 000, less a $20 000 credit for your development fee or $50,000 The estimated initial investment for 2 Sweet Factory Stores is $411 500 to $2 157,500 If you develop 3 Sweet Factory Stores under an Area Development Agreement your total development fees will be $30 000, and your total initial franchise fees will be $105 000 less a $30 000 credit for your development fee or $75,000 The estimated initial investment for 3 Sweet Factory Stores is $446 500 to $2,189 800

3/ The purchase price of a Turnkey Unit whether a Store or a Kiosk, typically depends on the anticipated gross cash flow of the business following the opening of the Store for business the quality of the Franchised Location the term of the Master Lease and Sublease or Lease and other factors and is negotiable In the typical case the Operating Company will construct the Turnkey Unit furnish equip, fixturize and decorate the Turnkey Unit and sell the Turnkey Unit to you before the Turnkey Unit opens for business

4/ A Turnkey Unit Store will generally be located in a shopping mall or shopping center in a 500 – 2 000 square-foot site The total cost for a site of this nature generally ranges from $1 250 to $16 000 per month depending upon the local real estate market the amount of leasehold improvements required local construction ordinances, current construction costs in the area and your credit worthiness A Turnkey Unit Kiosk will be located in a shopping mall or shopping center in a 150 – 300 square-foot site The minimum cost for a site of this nature generally ranges from $2 500 to $6 000 per month If you purchase a Turnkey Unit from the Operating Company, the Operating Company will generally lease the Franchised Location from the Master Landlord under a Master Lease and will sublease the Franchised Location to you under our then current Sublease You must pay the Operating Company a security deposit equal to 1 – 3 month s rent

5/ **Insurance**

You must obtain and maintain during the term of the Franchise Agreement and the Sublease insurance policies protecting you the Operating Company the Master Landlord and us and our affiliates The insurance must be underwritten by insurers licensed and admitted to write coverage in the state in which the Store or

Kiosk is located and with a rating of A or better These policies must include the coverage required by the Operating Company and the Master Landlord under the Sublease and Master Lease which generally include (a) all risk property insurance including business interruption insurance customarily obtained by similar businesses in the principal trade area, (b) comprehensive general liability insurance including products and contractual in an amount of not less than $2 000 000 combined single limit (c) workers compensation insurance for statutory limits and employer s liability insurance in an amount not less than $1 000 000 At least 10 days before any insurance is first required to be carried by you and after that at least 30 days before the expiration of any policy you must deliver to us the Operating Company and the Master Landlord certificates of insurance evidencing the proper types and minimum amounts of required coverage If you do not maintain the required insurance we or the Operating Company may obtain the insurance for you and charge you for its cost as well as our costs to obtain it We will not derive income from purchasing insurance for you This estimate covers the annual costs for required coverage

6/ Training is described in Item 5 and Item 11 of this Disclosure Document This estimate includes transportation living expenses, and wages for trainees Generally these costs will vary widely with the distance traveled the accommodations selected, and the mode of transportation selected

7/ This estimate covers the cost of stocking the Turnkey Unit with candy and confection products necessary for 4 6 weeks following the opening of the Turnkey Unit On an ongoing basis some items are replenished several times per week while others are replenished over a much longer period You will generally receive payment for candy and confections sold to a customer before the Store pays the vendor Therefore the cash investment is generally recovered after a Turnkey Unit opens for business

8/ This estimate is for uniforms for employees packaging supplies and office supplies for 3 months following the opening of the Turnkey Unit

9/ Opening promotional activities are described in Item 11 of this Disclosure Document

10/ Additional initial expenses you may pay us include additional training fees of $3 000 per each additional trainee a local advertising expenses of $500 to $2,000 a site evaluation fee of $500 per site after the first site and a security deposit under your Sublease equal to 1 – 3 month s rent See Item 5

11/ If you purchase a Turnkey Unit you may be required to pay our legal fees for the preparation of the purchase and sale documents as well as your own attorneys fees

12/ You will at all times, maintain adequate reserves and working capital sufficient for you to fulfill all your obligations under the Franchise Agreement and to cover the risks and contingencies of the franchised business for at least 3 months The estimates provided above do not include pre opening training expenses pre opening food waste, managerial salaries or any payment to you The need for additional funds will vary widely among franchisees We relied upon the experience of the Operating Company in opening Sweet Factory Stores and Kiosks when preparing these figures

13/ The table together with its footnotes estimates your initial investment for a Turnkey Unit purchased from the Operating Company These expenditures will vary depending on factors such as real estate costs your financial condition and the business decisions you make Therefore there can be no assurance that your experience will correspond with the information in the table We do not offer financing to you if you purchase a Turnkey Unit

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To insure that the highest degree of quality and service is maintained, you must operate the Store in strict conformity with our methods standards and specifications and you must purchase all products, equipment supplies and materials used or sold by the Store solely from suppliers we approve When you purchase an existing and operating Sweet Factory Store or Kiosk you will purchase the Store or Kiosk from the Operating Company When you purchase a Turnkey Unit you will purchase the Store or Kiosk from the Operating Company You must purchase our Proprietary Products from us or our approved suppliers For details regarding our current requirements to purchase our Proprietary Products see the disclosure below under the heading **Candy & Confections, Equipment, Supplies, and Materials**

We and/or our affiliates may negotiate purchase arrangements with suppliers for your benefit and may derive revenue or obtain rebates bulk pricing discounts or allowances for our own account from approved or designated suppliers in the future if rebates or other considerations become available to us because of your purchases or our purchases of products or services We will derive income if you purchase Proprietary Products or fixtures equipment or supplies from us or the Operating Company The Operating Company will also derive income if you purchase an existing and operating Sweet Factory Store Turnkey Unit or Kiosk from the Operating Company and if you sublease the Franchised Location from the Operating Company We do not provide any material benefits to you because of your use of approved suppliers However if you purchase products from certain approved suppliers you may qualify to receive certain allowances, as disclosed below under the heading **Candy & Confections, Equipment, Supplies and Materials**

Acquisition of Franchised Location

In most cases the Operating Company will lease the Franchised Location from the Master Landlord of the site under a Master Lease and will sublease the Franchised Location to you under our then-current Sublease. Our Sublease is Attachment E to the Asset Purchase Agreement If you are a corporation or limited liability company your shareholders and members must sign a Guarantee of the obligations under the Sublease (in a form substantially similar to the Guarantee attached to the Sublease as Attachment B) Alternatively we may require you to lease the Franchised Location directly under a Lease with a landlord

Purchase of Fixtures, Furnishings, Equipment, Decor, Signs, and Other Items

You must purchase all fixtures furnishing equipment, decor signs, and other items we have approved as meeting our specifications You must purchase or lease approved types brands or models of fixtures furnishing equipment, decor signs and other items we have approved from us or our approved suppliers

Purchases from Other Suppliers

If you desire to purchase products from other than our approved suppliers and distributors you must submit a written request to us for approval of the proposed supplier, together with any evidence of conformity with our standards and specifications as we may reasonably require, or shall request the supplier itself to do so We may inspect and evaluate the supplier s facilities and products before we approve or disapprove your proposed supplier and you must pay all of our reasonable costs and expenses incurred in doing so You may

not use a supplier before we approve the supplier in writing A supplier must demonstrate to our reasonable satisfaction that it can supply an item meeting our standards and specifications for the item, that it is in good financial standing in the business community and that its products and services are reliable We will provide you with our specifications and standards and our criteria for approval of suppliers and will approve or disapprove a proposed supplier in 60 90 days We will notify you if and when we no longer approve a previously approved supplier A supplier must continually adhere to our standards and specifications to maintain its approval

Candy & Confections, Equipment, Supplies, and Materials

Our designated suppliers including Signature are the sole suppliers of our Proprietary Products and you must purchase these products from us or from them as we designate

To ensure that the highest degree of quality and service is maintained you must maintain in sufficient supply and use only these products equipment materials signs and supplies that conform to our specifications We have compiled a list of approved suppliers who provide products which comply with our specifications

There are no franchisee purchasing or distribution cooperatives However you may take advantage of any bulk pricing discounts or allowances offered by suppliers to the Operating Company for your purchase of candy confection gifting or novelty products equipment supplies and materials Any allowances that may be provided to you by suppliers will be provided to you based your pro-rata share of purchases We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers

Purchase of an Existing and Operating Store or Kiosk from the Operating Company

If you purchase an existing and operating Sweet Factory Store or Kiosk from the Operating Company you must sign an Asset Purchase Agreement and applicable attachments in substantially the same forms as attached to this Disclosure Document as **Exhibit I** Under the terms of the Asset Purchase Agreement you must purchase the assets of the Store or Kiosk which may include fixtures furnishing equipment decor signs as well as any supplies and materials used or sold by the Store or Kiosk You must sublease the premises of the Store or Kiosk from the Operating Company under a Sublease and make monthly rental payments to the Operating Company Under the terms of the Sublease you must pay rent in an amount equal to the rental payments which the Operating Company is obligated to pay the landlord under the Master Lease **PLUS** an additional amount up to 10% of these payments In addition, you must pay the Operating Company a security deposit equal to 1 – 3 months rent If you default under the Sublease the Operating Company may apply your deposit against the amount you owe and you must restore the security deposit to its original amount within 10 days after a demand for payment The Sublease is Attachment E to the Asset Purchase Agreement You may also be required to assume contracts with suppliers of goods and services to the Store or Kiosk

Purchase of a Turnkey Unit from the Operating Company

If you purchase a Turnkey Unit from the Operating Company, you must sign an Asset Purchase Agreement and applicable attachments in substantially the same forms as attached to this Disclosure Document as **Exhibit I** Under the terms of the Asset Purchase Agreement you must purchase the assets of the Turnkey Unit which will include fixtures furnishing equipment decor and signs as well as any supplies and materials

the Operating Company purchases for the Turnkey Unit You will generally sublease the premises of a Turnkey Unit from the Operating Company under a Sublease and make monthly rental payments to the Operating Company Under the terms of the Sublease you must pay rent in an amount equal to the rental payments which the Operating Company is obligated to pay the landlord under the Master Lease **PLUS** an additional amount up to 10% of these payments In addition you must pay the Operating Company a security deposit equal to 1 – 3 month s rent If you default under the Sublease the Operating Company may apply your deposit against the amount you owe and you must restore the security deposit to its original amount within 10 days after a demand for payment The Sublease is Attachment E to the Asset Purchase Agreement

Our Revenue From Sales and Leases to You

The Operating Company will derive revenue from you if you purchase an existing and operating Sweet Factory Store or Kiosk or a Turnkey Unit from the Operating Company If you purchase an existing and operating Sweet Factory Store or Kiosk or a Turnkey Unit from the Operating Company we estimate that your required purchases from the Operating Company will range from 12% to 19% of your total initial investment and from 27% to 43% of your total expenditures The total revenue of Sweet Candy, LLC (the Operating Company) during the fiscal year ending December 29 2015 was $723 968 The Operating Company had $18,225 in revenue from the sale of existing and/or turnkey Sweet Factory Stores to franchisees and from subleases to franchisees during the fiscal year ending December 29 2015 or 2 5% of its total revenue

Specifications, Standards, and Procedures

Every aspect of the interior and exterior of the Store or Kiosk is subject to our specifications You must comply with all mandatory specifications (whether contained in our manuals or any other written communication) regarding the appearance function cleanliness and operation of the Store We formulate and modify our methods standards and specifications in writing through supplements to our manuals and other written communications

Maintenance and repair are solely your responsibilities For the term of the Franchise Agreement you must at your expense, maintain the Store or Kiosk in a clean, orderly condition and in excellent repair You must make these additions alterations, repairs and replacements as may be required for that purpose, including repainting, repairing and replacing obsolete or deteriorated signs furnishing fixtures, equipment and decor as we may reasonably require

You must make all alterations, additions or modifications to the Store or Kiosk as we may reasonably require to accommodate changes made by us to the System, including changes to product items or marketing positioning You will have 3 months in which to make any required changes to the Store or Kiosk from the date we give notice to you to do so

We may require you to refurbish the Store or Kiosk at your expense at any time but not within the first 3 years after you purchase an existing and operating Sweet Factory Store from the Operating Company unless we required refurbishment as part of our purchase arrangement, and in no case more often than once every 5 years However you will not be obligated to perform remodeling work that costs more than $10 000 $80 000 for refurbishment of the interior and exterior of the Store or Kiosk

Computer Systems

You must purchase or lease the computer hardware and software, dedicated telephone and power lines modem(s) printer(s) and other computer-related accessories or peripheral equipment that we approve according to our specifications The computer hardware and software is for recording sales and other record keeping and central functions You are not obligated to purchase from a particular approved seller but you must use specific brands of equipment that we designate We may permit you to use comparable brands of equipment subject to our prior written approval You must help us connect your computer system with a computer system used by us or our affiliates We may retrieve all data and information from your computer system and there are no contractual limitations on our right to do so You must strictly comply with our specifications for all items associated with your computer system and operate your computer system according to our specifications You will be required to maintain the computer systems in good repair and working order, including installing program software updates we specify Other than the Operating Company there are currently no approved suppliers in which any of our officers owns an interest

Improvements

All ideas concepts, techniques or materials created by you while you are a Sweet Factory franchisee whether or not protectable intellectual property (an **Improvement**) must be promptly disclosed to us and will become our exclusive property and a part of the Sweet Factory System as a work made for hire for us without compensation to you

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement and other agreements It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document

	OBLIGATION*	SECTION IN FRANCHISE AGREEMENT	SECTION IN DEVELOPMENT AGREEMENT	SECTION IN OTHER AGREEMENTS	DISCLOSURE DOCUMENT ITEM
a	Site selection and acquisition/ lease	§ 1, 7 and Attachment A	§ 1 and Attachment B	Attachment A	Items 8 and 11
b	Pre opening purchases/ leases	§ 5 7 10 11 and 12	Not Applicable	Not Applicable	Items 5 7 and 8
c	Site development and other pre-opening requirements	§ 5 6 and Attachment A	§ 1		Items 8 and 11
d	Initial and ongoing training	§ 6	Not Applicable	Initial Training Agreement § 2 of Purchase Addendum	Item 11
e	Opening	§ 5	Not Applicable	Not Applicable	Item 11
f	Fees	§ 2, 4 11 12 and 14	§2 and 7	§3 a b c and f 12b of Asset Purchase Agreement, § 2, 3 1 of Sublease	Items 5 and 6
g	Compliance with standards and policies/Operating Manual	§ 7 8 and 9	Not Applicable	Not Applicable	Items 8, 11 and 14
h	Trademarks and proprietary information	§ 8 and 9	§ 1 3 4, 7 6		Items 13 and 14
i	Restrictions on products/ services offered	§ 7	Not Applicable	§ 4 2 of Sublease	Items 5 8 and 16
j	Warranty and customer service requirements	§ 7	Not Applicable	Not Applicable	Item 16

	OBLIGATION*	SECTION IN FRANCHISE AGREEMENT	SECTION IN DEVELOPMENT AGREEMENT	SECTION IN OTHER AGREEMENTS	DISCLOSURE DOCUMENT ITEM
k	Territorial development and sales quotas	Not Applicable	§ 1 and Attachments A and B of Development Agreement	Not Applicable	Item 12
l	Ongoing product/service purchases	§ 7 and 11	Not Applicable	Not Applicable	Item 8
m	Maintenance appearance and remodeling requirements	§ 2 and 7	Not Applicable	§ 4 and 7 of Sublease	Item 8
n	Insurance	§ 5 and 12	§6 2 9	§ 5 of Sublease	Items 7 and 8
o	Advertising	§ 11	Not Applicable	Not Applicable	Items 6 8 and 11
p	Indemnification	§ 19	§ 10 4	§ 13 of Asset Purchase and Sale Agreement, § 8 of Sublease	Not Applicable
q	Owner s participation/ management/ staffing	§ 6, 7 and 10	Not Applicable	Not Applicable	Item 15
r	Records/re ports	§ 4 10 and 18	Not Applicable	Not Applicable	Item 6
s	Inspection/ audits	§ 5 7 and 10	Not Applicable	Not Applicable	Items 6 and 11
t	Transfer	§ 13	§ 5	§ 10 of Sublease	Item 17
u	Renewal	§ 2	Not Applicable	Not Applicable	Item 17
v	Post termination obligations	§ 15	§ 7	Not Applicable	Item 17
w	Non competition covenants	§ 16	§ 8	Not Applicable	Item 17
x	Dispute resolution	§ 23	§ 13	§19 of Asset Purchase Agreement	Item 17
y	Taxes/permits	§ 5 and 18	Not Applicable	§ 9f and h, 12a and b of Asset Purchase Agreement § 2 of Sublease	Item 1
z	Security Interest	§ 4 6	Not Applicable	§3(e) of Asset Purchase Agreement, § 14 of Sublease	Item 10

ITEM 10
FINANCING

SUMMARY OF FINANCING OFFERED

ITEM FINANCED (SOURCE)	AMOUNT FINANCED	DOWN PAYMENT	TERMS (YRS)	APR %	MONTHLY PAYMENT	PREPAY PENALTY	SECURITY REQUIRED	LIABILITY UPON DEFAULT	LOSS OF LEGAL RIGHT ON DEFAULT
SELLER FINANCING									
Purchase Price for Operating Store or Kiosk Turnkey Unit	A portion of purchase price	Varies	Varies 2 – 10 year amortization all due in 30 months	Varies Variable interest rate equal to greater of prime rate of interest **plus** 3% or 11% adjusted semi annually	Varies	None	Personal Guarantee security interest on assets of Sweet Factory Store or Kiosk or a Turnkey Unit	Loss of franchise and/or repossession of assets of Sweet Factory Store or Kiosk or a Turnkey Unit	Waive presentment for payment notice of dishonor and protest
Leased Space for Franchised Location	Not applicable	Not applicable	5 – 10 years	Not applicable	Varies	None	Note 4	Loss of franchise back rent, damages and attorneys fees	None

Third Party Financing

Pacific City Bank of Los Angeles, California may provide you with financing for your Store if you meet the credit requirements of the lender The lender has final discretion to determine whether you are credit worthy and otherwise qualify for the financing

Neither we nor any of our affiliates receive any consideration for placing financing with Pacific City Bank Neither we nor any of our affiliates have any relationship with Pacific City Bank other than an arms-length banking relationship

Seller Financing

The Operating Company may, but is not required to, finance a portion of the purchase price for an Operating Store or Kiosk or a Turnkey Unit that it believes is appropriate under the circumstances if you purchase an Operating Store or Kiosk or a Turnkey Unit from the Operating Company under our current Asset Purchase Agreement (**Exhibit I**) and applicable attachments The Operating Company s financing generally will be based upon a 2 to 10 year amortization, all due and payable within 30 months with interest at a variable interest adjusted every 6 months after the closing date of your purchase of the Sweet Factory Store or Kiosk or a Turnkey Unit at a rate equal to the greater of the prime rate of interest, as published by the Western Edition of the Wall Street Journal **plus** 3%, or 10% per annum You must pay the Operating Company a loan fee equal to 1/2 of 1% of the amount the Operating Company finances and the Operating Company s purchase and financing document preparation legal fees on the closing date You must sign a Secured Promissory Note (in a form substantially similar to the Secured Promissory Note attached as **Attachment E** to the Asset Purchase Agreement) in the Operating Company s favor in the amount financed (the **Purchase Note**) Monthly payments will vary depending upon interest rates term of note, down payment, etc

Payment of the Purchase Note will be secured by a security interest that you will grant the Operating Company in the purchased assets in accordance with a Security Agreement (in a form substantially similar to the Security Agreement attached to the Asset Purchase Agreement as **Attachment F**) (the **Security Agreement**) that you and the Operating Company will sign on the closing date The Operating Company will file notice of its security interest with a UCC-1 financing statement If you are a corporation limited liability company, limited partnership or other business entity the Operating Company may require your shareholders managing members and limited partners to guarantee all of your obligations to the Operating Company under the Purchase Note and Security Agreement under our Guarantee attached to our Asset Purchase Agreement (**Exhibit I**) as Attachment H If you default on any payment of principal or interest for more than 10 days the Purchase Note will immediately become due at the option of the Operating Company Failure to make the payments required by the Purchase Note may result in termination of the Franchise Agreement and possibly any other agreement between you and us the Operating Company or our affiliates, and the Operating Company s repossession of the Sweet Factory Store or Kiosk and the Franchised Location If the Operating Company must pursue collection of the Purchase Note, the Operating Company may require you to pay for its legal fees and expenses

We may in the future assign or discount our loans to a third party If your loan is assigned you may lose any defenses you have as a result of the assignment

Subleases

If you purchase an Operating Store or Kiosk or a Turnkey Unit from the Operating Company, you will generally sublease the Franchised Location from the Operating Company under a Sublease The precise terms of

a Sublease can vary depending upon many factors including the size and location of the Sweet Factory Store or Kiosk or a Turnkey Unit premises If you do not make a rent payment on time the Operating Company can collect the unpaid rent and other damages (**Sublease, Section 9 2**) In addition you must pay the Operating Company a security deposit equal to 1 to 3 month s rent If you default under the Sublease the Operating Company may apply your deposit against the amount you owe and you must restore the security deposit to its original amount within 10 days after a demand for payment (**Sublease, Section 3 1**) The Sublease is **Attachment G** to the Asset Purchase Agreement If you are in default under a Sublease The Operating Company can terminate the Sublease and take over the ongoing business and we can terminate your Franchise Agreement (**Sublease, Section 9 5**) The Operating Company can also obtain court costs and attorneys fees following enforcement of the Sublease (**Sublease, Section 14 4**) Payment of your obligations under the Sublease will be secured by a security interest that you will grant the Operating Company in the assets of the ongoing business in accordance with a Security Agreement (in a form substantially similar to the Security Agreement attached to the Asset Purchase Agreement (**Exhibit I**) as Attachment F) that you and the Operating Company will sign on the closing date The Operating Company will file notice of its security interest with a UCC-1 financing statement Sublessees may be individuals or entities which meet our then current requirements for non-individual franchisees These requirements may include the signing of personal guarantees (**Exhibit H to the Asset Purchase Agreement**) by some or all of the individuals holding an equity interest in the Sublessee/Franchisee

ITEM 11

FRANCHISOR S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, we are not required to provide any assistance to you

Pre Opening Obligations

Before you open your Store or Kiosk we will provide the following assistance and services to you

1 If you purchase a Turnkey Unit, we may assist you to find a site for the Store or Kiosk if we have not obtained the Franchised Location when you sign the Franchise Agreement We will furnish you with site selection guidelines and consultation (**Franchise Agreement, Section 3 1**)

2 We will offer an Initial Training Program to you and one management employee for the $5 000 Initial Training Fee (**Initial Training Agreement, Franchise Agreement, Section 3 4**) More detailed information about training appears in this Item 11 under the heading **Training**

3 We will provide any initial advisory assistance to you as we deem advisable (**Franchise Agreement, Section 3 3**)

4 We will lend you a copy of the Confidential Franchise Operations Manual (**"Manual'**) (**Franchise Agreement, Section 3 5**) The Table of Contents to our Manual is attached as **Exhibit B** The Manual contains 146 pages

5 If you purchase a Turnkey Unit the Operating Company will construct the Turnkey Unit furnish equip fixturize and decorate the Turnkey Unit and sell the Turnkey Unit to you before the Store or Kiosk opens for business (**Turnkey Addendum, Section 2**)

If you signed a Development Agreement we will provide the following assistance to you

1 We will assist you to find a site for the Store if we have not obtained the Store location when you sign the Franchise Agreement We will furnish you with site selection guidelines and consultation (**Development Agreement, Section 3 1**)

2 We will either cause the Operating Company to enter into a Master Lease on your behalf (you will sign a Sublease), or require you to enter into a Lease with a third party landlord on terms acceptable to all (**Development Agreement, Section 3 1 5**)

Post-Opening Obligations

During the ongoing operation of the Store or Kiosk we will provide the following assistance to you

1 We will make available training programs for you and your employees at your expense as we deem appropriate (**Franchise Agreement, Section 3 4**)

2 We will provide continuing advisory assistance to you as we deem advisable (**Franchise Agreement, Section 3 3**)

3 We will provide copies of any modifications to the Manual (**Franchise Agreement, Section 3 5**)

4 We will inspect your Franchised Location and evaluate the operations to assist you and to maintain the System s standards of quality, appearance and service (**Franchise Agreement, Section 3 6**)

5 We will provide you with a list of our approved suppliers (**Franchise Agreement, Section 3 7**)

6 We will periodically consult with you concerning the operation of the Store or Kiosk (**Franchise Agreement, Section 3 8**)

Advertising

The Development Agreement does not impose an obligation to spend any monies on advertising in addition to any money you may have to spend under the Franchise Agreement

Under the terms of the Franchise Agreement you must spend weekly on advertising, at least 1% and no more than 2% of your Gross Revenue for the preceding week We will allocate your advertising expenditures among (i) the System wide fund (**Fund**) and (ii) expenditures on local advertising (**Franchise Agreement, Section 11 1**) As of the date of this Disclosure Document you are not required to make any contribution to the Fund and we have not received any income from the Fund The Franchise Agreement provides that we may require you to make a contribution to the Fund at any time during the term of the Franchise Agreement and may change the amount of the contribution, up to a maximum of 2% as well as the allocation of expenditures among the Fund and local advertising at any time in our discretion (**Franchise Agreement, Section 11 9**) All franchisees will contribute the same percentage of their Gross Revenue to the Fund Each Sweet Factory Store owned by the Operating Company will contribute to advertising funds on the same basis as franchisees (**Franchise Agreement, Section 11 1**)

The Fund

The Fund pays for maintaining administering and developing advertising marketing public relations and/or promotional programs and materials and any other activities which the Fund s administrator believes will enhance the image of the System These include the purchase of media and the placement of advertising, preparing and conducting advertising campaigns in print radio and television preparing direct mail advertising market research employing advertising agencies purchasing promotional items conducting and administering in-store promotions providing promotional and other marketing materials and services to the businesses operating under the System such as coupons merchandising materials sales aids and point of-purchase materials and promotional flyers (**Franchise Agreement, Section 11 2**) The Fund had no revenue or expenses during the fiscal year ending December 29, 2014

We select the Fund s administrator who as of the date of this Disclosure Document is SCF The activities of the Fund may be coordinated with the advertising and promotional programs for Sweet Factory Stores and Kiosks owned by the Operating Company (**Franchise Agreement, Section 11 2 2**)

The administrator will direct all advertising and promotional programs, with sole discretion over the creative concepts, materials, and media used in the programs and the placement and allocation of the programs Advertising is prepared by advertising agencies and our in house marketing department The Fund is intended to maximize general public recognition and acceptance of the Proprietary Marks for the benefit of the System, and the administrator will not be obligated in administering the Fund, to make expenditures for you which are equivalent or proportionate to your contribution or to ensure that you benefit directly or pro rata from the advertising or promotion conducted under the Fund (**Franchise Agreement, Section 11 2 3**)

Your contributions will be made by separate check payable to the Fund, and will be held in an account maintained by us Your contributions to the Fund will not be used to defray any expenses of ours or the administrator s except for the reasonable costs and overhead if any as each may incur such as the costs of personnel for creating and implementing advertising, promotional and marketing programs The Fund and any earnings will not otherwise inure to our or the administrator s benefit Although your contributions to the Fund will be commingled with the monies of SCF separate bookkeeping accounts will be maintained for the Fund (**Franchise Agreement, Section 11 2 4**) An annual statement of the Fund s operations will be furnished to you upon your request The Fund s annual statement of operations will not be audited (**Franchise Agreement, Section 11 2 5**)

Any unused monies in the Fund at the end of the year will be used in the next year (**Franchise Agreement, Section 11 2 4**) We do not use any money from the Fund for advertising that is principally a solicitation for the sale of franchises

Local Advertising

We must approve all of your local advertising before you may use it To obtain approval you must submit samples of the proposed advertising materials to us at least 15 days before any use If we do not disapprove the samples within 15 days of receipt you may use the proposed advertising materials We may after you begin to use the material prohibit further use, effective upon your receipt of written notice from us (**Franchise Agreement, Section 11 4**)

You will administer your local advertising funds Within 30 days after the end of each calendar quarter you must provide us with copies of all invoices statements canceled checks or other forms of payment which you have issued during the preceding calendar quarter which evidence your expenditure and payment for pre approved local advertising programs We will review the evidence of these expenditures and if you have not spent the amount required for local advertising purposes, the difference between the amount required to be

spent for local advertising purposes during the preceding calendar quarter and the amount actually spent for local advertising purposes during the preceding calendar quarter must be paid to the Fund within 30 days (**Franchise Agreement, Section 11 3**)

If you purchase a Turnkey Unit we may require you to prepare (subject to our approval) and conduct an initial local advertising program when the Store or Kiosk first opens If we require you to prepare an initial local advertising program you must spend $500 - $2,000 for this initial advertising You must furnish to us within 60 days after the opening of the Store or Kiosk the evidence we may reasonably require to verify the minimum expenditure (**Franchise Agreement, Section 11 6**) If you purchase an existing and operating Sweet Factory Store or Kiosk from our affiliate you will not be required to make any expenditures on an initial local advertising program

We do not have the power to require any advertising cooperatives or advertising councils to be formed changed dissolved or merged and there is no provision in the Franchise Agreement for advertising cooperatives or advertising councils

You, at your expense and in compliance with any standards established in the Manual must obtain boldface listings in the white and yellow pages of the principal telephone directory serving the geographic territory in which the Store is located (**Franchise Agreement, Section 11 8**)

Special Local Store Advertising Reimbursement Program

We may grant you the right to receive reimbursement from the Fund for your actual paid expenditures for pre-approved local store marketing programs that you use at the Store up to a maximum amount we establish until we terminate the special local store marketing reimbursement program If you are current in the payment of your obligations to us and our affiliates in all respects we may grant you the right to receive reimbursement from the Fund for your actual paid expenditures for local store advertising programs which we have pre approved and which you have used for the benefit of the Store or Kiosk up to a maximum amount we established until we terminate the special local store marketing reimbursement program Within 30 days after the end of each calendar year following the institution of a special local store marketing reimbursement program you must provide us with copies of all invoices statements canceled checks or other forms of payment which you have issued during the preceding calendar year which evidence your expenditure and payment for these pre-approved local store marketing programs We will review the evidence of these expenditures and if these are satisfactory, have the Fund reimburse you within 60 days for these expenditures up to the maximum percentage of the advertising fee you paid during the preceding calendar year During the time that a special local store marketing reimbursement program is in effect we will utilize the balance of the Fund not allocated to the local store marketing program for the development of institutional brand advertising and promotion programs If you are entitled to reimbursement from the Fund for pre approved local store marketing programs used for the benefit of the Store during the preceding calendar year and fail to apply for reimbursement within 60 days after the end of each calendar year we may upon giving you 30 days written notice, disburse the full amount of your potential local store advertising reimbursement to the Fund If we make this disbursement you will no longer have any right to reimbursement for advertising expenditures for that calendar year We may terminate a special local store marketing reimbursement program with 90 day s notice (**Franchise Agreement, Section 11 7**)

Web Site

We may establish and maintain a web site to provide information about the Sweet Factory system and the goods and services that Sweet Factory Stores and Kiosks provide This web site may include a series of interior

web pages that may identify Sweet Factory Stores and Kiosks by name, geographic region, address telephone number or e-mail address We may also use this web site or may establish another facility on the Internet to engage in electronic commerce We may require you and all other franchisees who have links to the web site to pay a reasonable fee we will determine for the privilege of having a link to our web page and a reasonable fee we will determine toward the cost of the web site s maintenance We estimate that these fees will be $100 to $1 000 per year **(Franchise Agreement, Section 20 3)**

In addition we may establish and maintain an Intranet through which we may communicate with each other **(Franchise Agreement, Sections 20 3, 20 4 and 20 5)** We will require you and all other franchisees who use the Intranet to contribute a reasonable amount toward the cost of the Intranet s maintenance You may not establish a web site for your Sweet Factory Store or Kiosk We may include standards specifications and limitations for the data or information to be posted to your web page Any modifications you make to the content of your web page will be deemed to be a **work made for hire** under the copyright laws and we will own the intellectual property rights in these modifications **(Franchise Agreement, Sections 20 3)**

We have the sole right to market on the Internet and use the Proprietary Marks on the Internet including all use of websites domain names URLs, directory addresses, email addresses, metatags linking advertising cobranding and other arrangements and in all other forms of electronic media You may not separately register any domain name or any portion of a domain name containing the Proprietary Marks or participate or market on any website or other form of electronic media (including social technology social media and social networking platforms) using the Proprietary Marks unless you first obtain written approval from us Your general conduct on the Internet or other forms of electronic media, including your use of the Proprietary Marks or any advertising, is subject to the terms and conditions of the Franchise Agreement and any other rules requirements or policies that we may identify from time to time **(Franchise Agreement Sections 1 1 7 and 8 5)**

Computer Systems

You must purchase or lease the computer hardware and software dedicated telephone and power lines modem(s) printer(s), and other computer-related accessories or peripheral equipment that we approve according to our specifications **(Franchise Agreement, Section 10 1)** The computer hardware and software is for recording sales and other record keeping and central functions You must help us connect your computer system with a computer system used by us or our affiliates We may retrieve all data and information from your computer system and there are no contractual limitations on our right to do so **(Franchise Agreement, Section 10 1)** You must strictly comply with our specifications for all items associated with your computer system and operate your computer system according to our specifications **(Franchise Agreement, Section 10 2)**

Although we do not require any specific brand or type of computer system we must approve the system (including software) which must meet the following standards (a) specific tendering keys (e g cash and credit card) (b) ability to produce weekly summary totals by sales type including detail of adjustments and discounts (c) ability to attach a back office system and (d) ability to communicate with our computer system or systems Once you choose a POS system you must submit to us a POS verification form You may purchase your computer system from any approved supplier There are currently the following approved suppliers of hardware and software

Component Description	Vendor Name & Address
Belkin Battery Backup 550VA	PC Connection, Inc
Seagate 20GB Hard Drive	730 Milford Road
Miracle 10 Monitor	Merrimack NH 03054-4631
Cat5e Patch Cord	1-888-213 0607
Hooleon Keyboard Cutout for Preh MC80	P O Box 589, 304 West Denby Ave
Hooleon Keyboard Plastic Cover	Melrose NM 88124
	1 800-937-1337
Logic Controls TD3000 Power Supply	MGM Solutions Inc
Logic Controls TD3000 Table Display (set)	2125 Humboldt St
Preh MC80 Keyboard	Bellingham WA 98225
Star Micronics TSP600 Power Supply	1-800 903-6571
Star Micronics TSP600 Thermal Printers (set)	
MS EP-102 Cash Tills	Corporate Sales Office
MS EP 102 Cash Drawer (Set)	Pasadena CA
MS EP 102 Metal Tray	1-800-544 1749
Standard Keyboard	Newegg com
Standard PS Mouse	9997 E Rose Hills Road
	Whittier CA 90601
	1-800 390 1119
Sahara 8210 PC (Complete System) (Refurbished)	Computer Circulation Center
	2618 Temple Heights
	Oceanside CA 92056
	760-724 2404
Scale Calibration Service (Per Scale)	Empire Scale Co
	12055 Clark St
	Santa Fe Springs CA 90670
	562 946-0761
SDRAM PC133 128 MB	DT Technology
	7271 Garden Grove Blvd Suite K
	Garden Grove Ca 92841
	714 895-3388
Tranz 330 Credit Card (Repair Service)	iTEK Services Inc
Tranz P250 Credit Card (Repair Service)	19655 Descartes
Tranz 330 Credit Card Terminal (Refurbished)	Foothill Ranch CA 92610

Component Description	Vendor Name & Address
Tranz P250 Credit Card Printer (Refurbished)	949 305-1940
US Robotics USB Modem	Tech Depot
	6 Cambridge Dr
	Trumbull CT 06611
	203-615 7000
Mettler Toledo Power Supply	Northshore Care Supply
Mettler Toledo Serial Cable	Northbrook IL
Mettler-Toledo VIVA Scale (set)	1 800-563 0161

You must, at your expense train your employees to properly operate the computer system keep your computer system in good repair, and if we determine that modifications will benefit the System you must modify your computer hardware, software telephone and power lines, and other computer related facilities at your expense as we direct There are no limitations on the frequency or cost of this obligation (**Franchise Agreement, Section 10 2**)

The approximate cost of the computer system ranges from $2 000 to $3 500 We estimate that your annual costs of maintenance and upgrades to your computer system will range from $400 to $600

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Site Selection

You do not pay a site evaluation fee if you purchase an existing and operating Sweet Factory Store from the Operating Company or if you purchase a Turnkey Unit with a previously selected site from the Operating Company If you purchase a Turnkey Unit without a previously selected site, we will select your site for you or assist you to find a site In most cases the Operating Company will lease the Franchised Location from the Master Landlord of the site under a Master Lease and will sublease the Franchised Location to you under our then current Sublease Our Sublease is Attachment E to the Asset Purchase Agreement Alternatively we may require you to lease the Franchised Location directly under a Lease with a landlord We must approve your site for a new Turnkey Unit Although we may approve a site before you successfully complete training the training requirement for you (or a principal of yours acceptable to us and who holds at least a 10% equity interest in your entity) must be successfully completed before you will be allowed to open a Sweet Factory Store or Kiosk (**Franchise Agreement, Section 3 1**)

We will evaluate one proposed site for a new Turnkey Unit without charge You must pay us a fee of $500 for each additional proposed site we evaluate (**Franchise Agreement, Section 1 2**) Among the standards we use in evaluating a proposed site are the demographics of the population within a 1 to 3 mile radius, including factors such as age, family composition and family income comparisons of other food and snack tenants sales in the area, traffic counts and traffic flow, visibility and signage and competition We also consider the general location and neighborhood, traffic patterns parking size, physical characteristics lease terms contributions for leasehold improvements if any from a Master Landlord, level of competition, the proximity of other Sweet Factory Stores or Kiosks to your proposed Franchised Location and population density in our consideration of a site

Within 180 days after you sign the Franchise Agreement, you must submit to us a completed site evaluation form and any other information we may require with evidence satisfactory to us which confirms favorable prospects for obtaining the site (**Franchise Agreement, Section 1 5**) You must submit a copy of your signed Lease to us within 15 days after you sign the Lease The Master Lease or your Lease should contain the following terms

1 The initial term, or the initial term together with any additional terms must be for at least 10 years

2 A provision consenting to use of our Proprietary Marks and signage as we may now or later require for the new Turnkey Unit

3 A provision which restricts the use of the site solely to the operation of a Sweet Factory Store or Kiosk

4 A provision which protects us or you from direct or indirect competition at the site of the new Turnkey Unit

5 A provision which prohibits you from subleasing or assigning all or any part of your occupancy rights or extending or renewing the term without our prior written consent

6 A provision requiring the Landlord to provide us with copies of any and all notices of default given to you

7 A provision granting us the right to enter the Franchised Location to make modifications necessary to protect the Proprietary Marks or the System or to cure any default by you under your Franchise Agreement or under the Lease

8 A provision granting us or a person we designate the option without the Landlord s further consent to assume all of your rights under a Lease including the right to assign or sublease upon your default or termination of the Lease or the Franchise Agreement (**Franchise Agreement, Section 7 12**)

A site will be deemed disapproved unless we approve it in writing within 30 days from the date that we receive the required site evaluation material You must sign a Lease within 12 months after you sign the Franchise Agreement If you do not do so we can terminate the Franchise Agreement (**Franchise Agreement, Section 1 2**) After a site for the new Turnkey Unit has been approved and leased we will construct equip and decorate the new Turnkey Unit for you We will notify you of the anticipated construction completion date and within a reasonable time after construction is completed you will have the right to inspect the new Turnkey Unit prior to taking over responsibility for the operation of the new Turnkey Unit and the opening of the new Turnkey Unit for business You may not open the new Turnkey Unit without our written authorization, which we may condition upon your completion of our Initial Training Program and your compliance with staffing and other requirements applicable to the operation of the new Turnkey Unit You must open the new Turnkey Unit for business no more than 10 days after we authorize you to open (**Turnkey Addendum, Section 2**)

Stores and Kiosks established under a Development Agreement must be located within the Development Area described in the Development Agreement subject to any protected territory granted to any other franchisee located in the Development Area

Our selection and/or approval of a site is not an assurance that the Store will be successful Additionally approval of a site does not guarantee that you will be allowed to become a franchisee All requirements of SCF including the completion of the training requirement described below must be satisfied before you will be allowed to open a Store or Kiosk under a Franchise Agreement

If you purchase an existing and operating Sweet Factory Store or Kiosk from the Operating Company, there should be little or no delay between the Store purchase and the beginning of business If you purchase a Turnkey Unit from the Operating Company the length of time between the signing of the Franchise Agreement and the opening of the Store or Kiosk usually is from 6 to 12 months Factors which may affect this time period include the ability to obtain equipment find an approved location obtain acceptable financing and secure any required approvals, zoning and building permits mishaps during the course of construction and delayed installation of equipment, fixtures and signs, completion of the Initial Training Program and the selection, hiring and training of competent personnel Construction delays also may affect this time frame

Initial Training

Before your sign your Franchise Agreement and open your Store, you (or a principal of yours acceptable to us and who holds at least a 10% equity interest in your entity) and 1 management employee must successfully complete our 2 week Initial Training Program (the **MIT Program**) at your approved location and must complete the training to our satisfaction You must sign our Initial Training Agreement (**Exhibit D**) and must pay us a training fee of $5 000 for our Initial Training Program for you and one management employee before training begins You must use your best efforts to complete the Initial Training Program to our satisfaction as we determine in our sole and absolute discretion You must attend and complete the Initial Training Program within 6 months after the parties execution of the Initial Training Agreement unless we otherwise agree If you (i) fail to complete the Initial Training Program within 6 months after we sign the Initial

Training Agreement (ii) do not complete the Initial Training Program to our satisfaction (iii) do not during the Initial Training Program, appear to possess the skills necessary to properly fulfill and discharge the demands and responsibilities required by the System or a Franchise Agreement, or (iv) are not acceptable to become a franchisee for any reason whatsoever in our sole and absolute discretion, the Initial Training Agreement will automatically terminate you will not be eligible to become a franchisee, we will retain $2 000 of the Initial Training Fee and will refund the balance of the Initial Training Fee to you within 30 days

If you would like us to train additional trainees for you the Initial Training Fee for each additional trainee is $3,000, payable before training begins The MIT Program generally covers the following subjects

TRAINING PROGRAM

Week 1

Subject	Number of Hours of Classroom Training	Number of Hours of On-the-Job Training	Location
Customer Service	0	4	Your Sweet Factory store location and approved field training Sweet Factory stores
Store Standards	0	16	Your Sweet Factory store location and approved field training Sweet Factory stores
Store Organization	0	8	Your Sweet Factory store location and approved field training Sweet Factory stores
POS Training	0	16	Your Sweet Factory store location and approved field training Sweet Factory stores

Week 2

Subject	Number of Hours of Classroom Training	Number of Hours of On the-Job Training	Location
Opening & Closing Manuals	0	15	Your Sweet Factory store location and approved field training Sweet Factory stores
Employee Scheduling	0	2	Your Sweet Factory store location and approved field training Sweet Factory stores
Merchandising	0	8	Your Sweet Factory store location and approved field training Sweet Factory stores
Product Management	0	9	Your Sweet Factory store location and approved field training Sweet

			Factory stores

Training is provided as needed

All training will be under the direction of Anna Stewart She has been employed by the Operating Company since 2001 and is responsible for training franchisees Ms Stewart has approximately 12 year s experience related to the subjects taught The Manuals will be used as our primary instructional material The Table of Contents of our Manuals is attached as **Exhibit B**

You and other employees must also attend the additional courses seminars and other training programs we reasonably require You will have to reimburse us for the cost of any seminar materials we provide if any

For all required initial training courses, we will train you and 1 management employee without charge for instructors, training materials and other materials There is no additional charge for our initial training of 2 trainees however if you request us to provide our Initial Training Program to any additional trainees, we will charge you a $3,000 fee for each additional trainee In addition you and your employees will be responsible for all other expenses which are incurred for the courses (including expenses related to our support training personnel) and for the cost of transportation moderately-priced lodging meals, and wages

For the first and second Sweet Factory Stores or Kiosks developed by you for approximately 2 days before the opening of each Store or Kiosk and for approximately 2 days after, we will provide you with the services of our training personnel (up to a maximum of 2) to facilitate proper operation of the Store or Kiosk and to assist in correcting any operational problems that may arise For the third and any additional Sweet Factory Store or Kiosk you develop we will not provide you with any of our training personnel to assist with the opening of the Store of Kiosk

You must attend additional training programs and refresher courses that we provide We can impose a fee on our franchisees to defray our direct costs for providing these programs and courses Direct costs include expenses for training materials travel expenses the costs for the site where the programs are held, and the like You must pay for all travel food and lodging expenses for you and your employees attending these additional training programs and refresher courses

You do not receive any training under the Development Agreement but must successfully complete training under the Initial Training Agreement and Franchise Agreement

Our Initial Training Program is conducted in English Our Manuals which govern the operation of the Store that we provide to you from time to time is written in English Furthermore most Stores are located in places where the predominant language is English Therefore, we consider English language proficiency to be important both with respect to successful attendance at our Initial Training Program and in connection with the day to day operation of your Store including being able to provide your customers with a high level of customer service We plan to implement an English language proficiency requirement Once implemented before attending training a person whose native language is not English, or who does not meet other criteria that we specify, will first need to score sufficiently high as determined solely by us on a professionally administered English language proficiency examination A person who does not achieve the required score will not be permitted to attend training and therefore cannot satisfy the day to-day management requirement under the Franchise Agreement We do not anticipate requiring certain persons to take an English language proficiency examination, such as persons who attended and graduated from an accredited college or university

in an English speaking country where the course of study was taught in English or who meet other similar criteria that we from time to time establish

ITEM 12

TERRITORY

Franchise Agreement

The Franchise Agreement will designate the Franchised Location of the Store and you may conduct business only at the Franchised Location We will establish your **Protected Area** before we sign your Franchise Agreement We will determine and describe your Protected Area in your Franchise Agreement You will not receive an exclusive territory You may face competition from other franchisees from outlets that we own or from other channels of distribution or competitive brands that we control Your Protected Area may be limited to the actual site of the Franchised Location or may range to a radius of up to 2 miles from the Franchised Location We will consider the demographics, population, traffic patterns potential trade area and other relevant information about an approved site when we establish your Protected Area You can lose your Protected Area rights under a Franchise Agreement if you are in default under your Franchise Agreement You do not have any options rights of first refusal or similar rights to acquire additional franchises within contiguous territories We will not own operate sell or issue a franchise for any other Sweet Factory Store or Kiosk within your Protected Area if you are in good standing under your Franchise Agreement, however we and our affiliates retain the right

(a) To own and operate and license others to own and operate a Sweet Factory Store or Kiosk at any location outside of your Protected Area

(b) To own and operate and license others to own and operate businesses including stores under other proprietary marks or other systems whether these businesses are the same or different your Store or Kiosk at any location whether inside or outside your Protected Area

(c) To license others to sell or distribute any products or services under any proprietary marks including the Proprietary Marks at any location outside your Protected Area

(d) To produce license distribute and market Sweet Factory candy and confections, clothing, souvenirs, and novelty items through any outlet whether inside or outside your Protected Area (regardless of its proximity to your Store or Kiosk) including grocery stores supermarkets and convenience stores and through any distribution channel at wholesale or retail, including the Internet mail order catalogs direct mail advertising and other distribution methods and to allow customers to purchase services and products from us and our affiliates or designees over the Internet or in other reserved channels of distribution you must obtain our prior written consent before you advertise or market your Store through the use of the Internet other forms of electronic media (including social technology social media and social networking platforms) catalog sales telemarketing or other direct marketing or we will have the right to terminate your Franchise Agreement we retain all rights with respect to alternate channels of distribution

(e) To own and operate and grant others the right to own and operate and issue franchises and licenses to others to develop own and operate other methods and channels of distribution utilizing the Proprietary Marks and the System including toll free 1-800 1-888 and 1 877 telephone numbers domain names URLs on-line computer networks and services the Internet, kiosks carts concessions, satellite units other mobile remote, limited service or non permanent facilities or other retail operations as a part of larger retail venues such as department stores supermarkets shopping malls or in public areas such as amusement

parks, airports, train stations public facilities college and school campuses arenas stadiums hospitals office buildings convention centers, airlines (in flight service) and military bases whether inside or outside of your Protected Area

(f) To sell Sweet Factory candy and confections to **National Accounts** **National Accounts** are multi state businesses that purchase these products as end-users and not re-sellers You may not engage in wholesale sales of any kind without our prior consent **Wholesale sales** includes the sale or distribution of candy and confection products to a third party for resale retail sale or other method of distribution

We are not required to pay you if we exercise any of the rights specified above inside your Protected Area

Under the Franchise Agreement continuation of your location rights does not depend upon the volume of sales generated nor on your penetration of the market potential You do not have the right to acquire additional franchises although you may apply for the right to operate additional Sweet Factory Stores under separate Franchise Agreements

You are not permitted to use the System the Proprietary Products and Proprietary Marks, the Internet any domain names, URLs, copyrights, toll-free 1-800 , ' 1 888 and 1-877 telephone numbers, or other like toll free telephone numbers and their mnemonics and other identifying marks constituting a part of the System now or in the future other than in connection with the operation of one (1) Sweet Factory Store in your Protected Area at your Franchised Location (as defined in Section 1 2 of the Franchise Agreement) You do not have the right to use any other channels of distribution to make sales either inside or outside your Protected Area unless we expressly authorize you to do so in writing You may not engage in wholesale sales of any kind without our prior consent **Wholesale sales'** means the direct or indirect sale or distribution of candy and confection products to a third party for resale retail sale or further distribution through any trade method or trade channel

Development Agreement

If you sign a Development Agreement you may develop open and operate a specified number of Stores or Kiosks within the Development Area within the specified time period described in the Development Schedule attached to the Development Agreement Typical Development Areas will be geographical territories such as cities, counties and states and other areas defined by boundaries such as streets and highways We may assist you in selecting sites for the Franchised Locations You must use our site selection criteria in your efforts to choose a Franchised Location We must approve each proposed site The term of the Development Agreement begins when the Development Agreement is signed by us and terminates on the date specified in the Development Agreement for the opening of the last Sweet Factory Store or Kiosk required to be developed unless sooner terminated You do not have any options rights of first refusal or similar rights to acquire additional franchises within contiguous territories

Your development rights under the Development Agreement will be in the Development Area Even though we grant you development rights we may continue to operate any Sweet Factory Store or Kiosk located within the Development Area on or before the date of the Development Agreement Your territorial rights are also subject to any prior territorial rights of other franchisees whether or not currently enforced

In addition to the requirement that you comply with all of the terms of the Development Agreement continuation of your development rights is contingent upon (a) opening the number of Sweet Factory Stores or Kiosks as required by your Development Agreement within the specified time period described in your

Development Schedule, (b) licensing each Store or Kiosk by signing our then-current standard franchise agreement for each Store or Kiosk and (c) satisfying all financial and operational criteria then in effect at the time of signing each Franchise Agreement If you fail to do so we can terminate the Development Agreement and all rights granted to you under the Development Agreement accelerate or decelerate your Development Schedule reduce your minimum development obligation, eliminate or diminish your development rights in the Development Area or the size of the Development Area or increase the Initial Franchise Fee for any additional Stores you open in your Development Area An increased Initial Franchise Fee will not exceed the then current initial fee we charge for a single Sweet Factory Store

Under the Development Agreement the continuation of your territorial exclusivity is dependent upon your compliance with your development and other obligations under the Development Agreement as described above

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ITEM 13

TRADEMARKS

The following principal marks registered on the Principal Register of the United States Patent and Trademark Office (**USPTO**) which will be used by the Sweet Factory System

MARK	REGISTRATION NUMBER	REGISTRATION DATE
"Sweet Factory"	1 591 436	4/10/90
' Sweet Factory and design	1 607,567	7/24/90
"Sweet Factory and design	1 607 568	7/24/90

All required affidavits have been timely filed and all registrations have been renewed

There are no currently effective determinations of the USPTO the Trademark Trial and Appeal Board the Trademark administrator of this state or any court There is no pending infringement opposition or cancellation proceeding and there is no pending material litigation involving the trademarks that may be relevant to their use in this state or in any other state

There are no agreements currently in effect that significantly limit our rights to use or license the use of the principal trademarks that are material to the franchise We do not know of any prior superior rights or infringing uses that could materially affect your use of the Proprietary Marks in this state or elsewhere You must promptly notify us of any unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks or any challenge to our ownership of, right to use and to license others to use or your right to use, the Proprietary Marks We have the right to direct and control any administrative proceeding or litigation involving the Proprietary Marks including any settlement We have the right to take action against uses by others that may constitute infringement of the Proprietary Marks We will defend you against any third party claim suit or demand arising out of your use of the Proprietary Marks If we determine that you have used the Proprietary Marks according to the Franchise Agreement we will pay for your defense including the cost of any judgment or settlement If we determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement you must pay for the cost of defense including the cost of any judgment or settlement In any litigation regarding your use of the Proprietary Marks, you must sign all documents and do whatever is necessary to defend or prosecute the action including becoming a nominal party to any legal action Unless litigation results from your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement we will reimburse you for your out of pocket costs

The Operating Company is a party to a License Agreement dated July 12 1991, as amended with The Sweet Factory (UK) Limited under which the Predecessors were granted a license to the use of the Proprietary Marks On August 6, 2002, the Operating Company acquired the rights and assumed the obligations of the Predecessors under this License Agreement, which significantly limits our rights to use or license the use of the Proprietary Marks in a manner material to the franchise The Operating Company has granted us the right to use and license others to use the Proprietary Marks

We may substitute different proprietary marks for use in identifying the System and the businesses operating under it if we determine that substitution of different marks as Proprietary Marks will be beneficial to the System or if the Proprietary Marks no longer can be used You must promptly implement any substitution

of new Proprietary Marks and the use of the new Proprietary Marks will be governed by the terms of the Franchise Agreement You must pay your costs of modifying your signs and advertising materials to conform to our new Proprietary Marks We will have no obligation or liability to you as a result of a substitution of new Proprietary Marks

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ITEM 14

PATENTS COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents and Copyrights

We do not own any right in or to any patents or copyrights nor do we have any pending patents that are material to the franchise We do, however claim common law copyright protection for our printed literature and our Manual

Confidential Manual

You must operate the Store in the manner specified in the Manual We may revise the Manual, and you must comply with each new or changed standard

We will lend you a copy of the Manual after you complete our Initial Training Program You must treat the Manual and the information contained in it as confidential You cannot copy these materials or show them to any unauthorized person The Manual will remain our sole property

Confidential Information

You must not during or after the term of the Franchise Agreement divulge or use for the benefit of anyone else any confidential information knowledge or know how concerning the System and the methods of operation of the Store You may divulge confidential information only to those employees who must have access to it to operate the Store All information and other data which we designate as confidential will be deemed confidential for purposes of the Franchise Agreement

At our request you must require your manager and any personnel having access to any confidential information to sign covenants that they will maintain the confidentiality of information they receive during their employment at the Store These covenants must be in a form we find satisfactory and specifically identify us as a third party beneficiary of these covenants with the independent right to enforce them

Co-Branding

You may not engage in any co-branding in or in connection with your Store or Kiosk except with our prior written consent We are not required to approve any co-branding chain or arrangement except in our discretion and only if we have recognized that co branding chain as an approved co brand for operation within the Store or Kiosk **Co-branding** ' includes the operation of an independent business product line or operating system owned or licensed by another entity (not us) that is featured or incorporated within the Store or Kiosk or is adjacent to the Store or Kiosk and operated in a manner which is likely to cause the public to perceive it to be related to the Store or Kiosk licensed and franchised under the Franchise Agreement

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We require that you actively participate in the Store s operations Unless we approve otherwise only you (or if you are not an individual a principal with at least a 10% equity ownership interest in you) may be the Store s principal operator and/or the on site general manager or both The Store must be managed at all times by at least 1 full time management employee who has completed the minimum level of training required of in-store management employees All in-store management employees must be dedicated to the Sweet Factory brand You are not required to grant an equity interest to any employee unless you elect to designate an employee to be the Store s principal operator

Certain employees who work for you must sign covenants of confidentiality and non-competition upon our demand See Items 14 and 17 for descriptions of these obligations

If you are a partnership limited liability company or corporation all of your partners members or shareholders and their respective spouses must personally guarantee payment and performance of your obligations under the Regional Master Franchise Agreement and must sign a confidentiality and non-disclosure agreement upon our request Our Guarantee is attached to the Franchise Agreement as Attachment D

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

The Franchised Location may not be used for any activity other than as a Sweet Factory Store or Kiosk The Store or Kiosk must remain open and in normal operation for the minimum hours and days your landlord specifies in your Lease or the Master Landlord specifies in the Master Lease and/or we specify in the Manual or otherwise in writing and must be operated in conformity with the specifications contained in the Manual or otherwise in writing

You must sell only the products and services that meet our current standards of quality as have been expressly approved for sale in writing by us and as have been prepared according to our methods and techniques for product preparation You must sell or offer for sale all products, and services required by us in the Manual or otherwise in writing as being part of the System including the Proprietary Products You may not deviate from our requirements We may change the types of authorized products and services and there are no limits on our right to make changes You must cooperate with us and our affiliates by participating in market research programs the test marketing of new products and other similar programs and must provide us with timely reports and test results of these tests and programs for our review analysis and compilation

During the term of your Franchise Agreement you are not permitted to sell candy and confections in bulk through any channels of distribution other than the Store or Kiosk including, through the use of toll-free 1 800' 1 888 and 1-877 telephone numbers, mail order catalogs, direct mail advertising, domain names URLs, on-line computer networks and services the Internet kiosks carts, concessions satellite units, or other mobile remote limited service or non permanent facilities Please see Item 12

You must comply with all reasonable requirements if we modify the System including offering and selling different services and products that we specify We may change the types of authorized goods and services and there are no limits on our right to make changes For a description of your restrictions on some purchases see Item 8 of this Disclosure Document

ITEM 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

This table lists important provisions of the franchise and related agreements You should read these provisions in the agreements attached to this Disclosure Document

THE FRANCHISE RELATIONSHIP

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a	Length of the franchise term	§ 2 1	10 years
b	Renewal or extension of the term	§ 2 2	You have two 5-year options to extend the term of the Franchise Agreement
c	Requirements for franchisee to renew or extend	§ 2 2	Notice satisfaction of monetary obligations compliance with Franchise Agreement, release sign renewal Franchise Agreement and others You may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreements
d	Termination by franchisee	Not Applicable	Not Applicable
e	Termination by franchisor without cause	Not Applicable	Not Applicable
f	Termination by franchisor with cause	§ 14	Default under Franchise Agreement bankruptcy and other grounds
g	**Cause** defined – curable defaults	§ 14 3	All other defaults not specified in § 14 1 and 14 2
h	**Cause** defined – non curable defaults	§ 14 2	Bankruptcy, voluntary abandonment, conviction of felony, failure for a period of 10 days after notification of noncompliance, to comply with any federal state or local law or regulation applicable to the operation of the franchise and others
i	Franchisee s obligations on termination/non-renewal	§ 15 16 2	Cease operating the Store or Kiosk, discontinue use of Proprietary Marks cancel assumed name registration, de-identify premises return Manual and other confidential information pay all amounts due and damages costs and expenses we incur, sale of real property and personalty to us at our request terminate any lease or sublease or assignment of Lease at our request, honor all post term non compete requirements and others In addition you must pay us the royalty fees you would have paid us based on the Store s average monthly Gross Revenue during the 12 months preceding the effective date of termination multiplied by the number of months

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
			remaining to complete the initial term of the Franchise Agreement, had the Franchise Agreement not been terminated If we are unable to make this calculation because of your failure to report the Gross Revenue of the Store we mav estimate the Gross Revenue of the Store for the applicable period based upon the historical financial information available to us at such time
j	Assignment of contract by franchisor	§ 13 1	There are no limits on our assignment rights
k	**Transfer** by franchisee definition	§ 13 2	Includes transfer of any interest in Franchise Agreement you, or all or substantially all of the Store or Kiosk assets
l	Franchisor s approval of transfer by franchisee	§ 13 2	We have the right to approve transfers You will remain liable to us for all of the transferee s obligations to us following the effective date of the transfer
m	Conditions for franchisor s approval of transfer	§ 13 3	Transfer Fee $5,000 plus our out of pocket costs associated with the transfer including attorneys fees associated with the transfer New Franchisee Training Fee $5,000 for up to 3 trainees
n	Franchisor s right of first refusal to acquire franchisee's business	§ 13 5	We can match any offer
o	Franchisor s option to purchase franchisee s business	§ 15 9	We can purchase your real estate fixtures and tangible assets only after your Franchise Agreement is terminated for cause or expires
p	Death or disability of franchisee	§ 13 6	Must be transferred within 6 months We will waive the transfer fee
q	Non competition covenants during the term of the franchise	§ 16 1	Includes prohibition on engaging in any other business that is the same or similar to Store diverting business or employing persons who were our salaried employees during the prior 30 day period or inducing them to leave our employment
r	Non competition covenants after the franchise is terminated or expires	§16 2	Includes a 1 year prohibition for any business that offers goods or services which are the same as or similar to the Store and which is or is intended to be located within a 10 mile radius of the Franchised Location If you violate the post term covenant not to compete you must pay us throughout the 1 year period following the termination transfer or expiration of your Franchise Agreement 5% of

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
			all revenue from the sale of all products and services and all other income of the business that offers goods or services which are the same as or similar to the Store
s	Modification of the agreement	§ 22 1	Must be in writing signed by both parties
t	Integration/merger clause	§ 22 2	Only the terms of the Disclosure Document and the Franchise Agreement are binding Any representations or promises outside of the Disclosure Document and the Franchise Agreement may not be enforceable
u	Dispute resolution by arbitration or mediation	Not Applicable	Not Applicable
v	Choice of forum	§ 23 2	The State of California in the county in which Franchisor has its principal place of business currently Orange County California, subject to applicable state law See the State Specific Addenda (**Exhibit L**) attached to this Disclosure Document
w	Choice of law	§ 23 1	California subject to applicable state law See the State Specific Addenda (**Exhibit L**) attached to this Disclosure Document

	PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
a	Length of term of the Area Development Agreement	§ 1 4 and Attachment A	Term expires on the date described in the Development Schedule as the date on which the final Store must be opened
b	Renewal or extension of the term	Not Applicable	Not Applicable
c	Requirements for Area Developer to renew or extend	Not Applicable	Not Applicable
d	Termination by Area Developer	Not Applicable	Not Applicable
e	Termination by franchisor without cause	Not Applicable	Not Applicable
f	Termination by franchisor with cause	§ 6	Default under Development Schedule, bankruptcy and other grounds see § 6 1 6 4
g	**Cause** defined-curable defaults	§ 6 3	All other defaults not specified in § 6 1 and 6 2 of Development Agreement
h	**Cause**' defined – non curable defaults	§ 6 1 6 2	Bankruptcy conviction of felony, failure for a period of 10 days after notification of noncompliance to comply with any federal state or local law or regulation applicable to

	PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
			the operation of the franchise, and others
i	Area Developer s obligations on termination/non renewal	§ 7 8 2	Cease establishing and operating any Store or Kiosk for which a Franchise Agreement has not been signed, payment of amounts due return of materials and confidential information compliance with covenants and others
j	Assignment of contract by franchisor	§ 5 1	There are no limits on our assignment rights
k	**Transfer'** by Area Developer definition	§ 5 2	Includes transfer of interest in Development Agreement you or all or substantially all of the assets of your business
l	Franchisor's approval of transfer by Area Developer	§ 5 3	We have the right to approve transfers You will remain liable to us for all of the transferee s obligations to us following the effective date of the transfer
m	Conditions for franchisor's approval of transfer	§ 5 3	Non default signing of new Development Agreement payment of transfer fee, and others
n	Franchisor s right of first refusal to acquire Area Developer s business	§ 5 5	We can match any offer
o	Franchisor s option to purchase Area Developer s business	§ 7 3	We can purchase your interest in any or all Stores or Kiosks only after your Area Development Agreement is terminated for cause or expires
p	Death or disability of Area Developer	§ 5 6	Must be transferred within 6 months
q	Non competition covenants during the term of the Area Development Agreement	§ 8 1	Includes prohibition on association with any store concept similar to a Store or diverting business from a Store
r	Non competition covenants after the Area Development Agreement is terminated or expires	§ 8 2	Includes a 1 year prohibition for association with a store concept that is similar to the Store and which is located within a 10 mile radius of any Store formerly owned or operated by you
s	Modification of the Area Development Agreement	§ 12 1	Must be in writing signed by both parties
t	Integration/merger clause	§ 12 2	Only the terms of the Disclosure Document and Development Agreement are binding Any representations or promises outside of the Disclosure Document and the Development Agreement may not be enforceable

	PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
u	Dispute resolution by arbitration or mediation	Not Applicable	Not Applicable
v	Choice of forum	§13 2	The State of California in the county in which Franchisor has its principal place of business, currently Orange County California, subject to applicable state law See the State Specific Addenda (**Exhibit L**) attached to this Disclosure Document
w	Choice of law	§13 1	California, subject to applicable state law See the State Specific Addenda (**Exhibit L**) attached to this Disclosure Document

	PROVISION	SECTION IN INITIAL TRAINING AGREEMENT	SUMMARY
a	Length of term of the Initial Training Agreement	§ 3	6 months unless we agree otherwise
b	Renewal or extension of the term	§ 3	Only if we agree to extend the term of the Franchise Agreement We determine the length of the extension
c	Requirements for franchisee to renew or extend	§ 3	Only if we agree to extend the term of the Franchise Agreement
d	Termination by franchisee	Not Applicable	Not Applicable
e	Termination by franchisor without cause	§ 3 2 4	If we determine during the Initial Training Program that you not acceptable to become a franchisee of for any reason whatsoever in our sole and absolute discretion the Initial Training Agreement will automatically terminate
f	Termination by franchisor with cause	§ 3 2 4	We can terminate the Initial Training Agreement if you (i) fail to complete the Initial Training Program within 6 months after we sign the Initial Training Agreement, (ii) do not complete the Initial Training Program to our satisfaction (iii) do not, during the Initial Training Program appear to possess the skills necessary to properly fulfill and discharge the demands and responsibilities required by the System or under a Franchise Agreement
g	**Cause** defined – curable defaults	§ 3 2 4	Failure to complete the Initial Training Program within 6 months after we sign the Initial Training Agreement, failure to complete the Initial Training Program to our satisfaction failure to possess the skills necessary to properly fulfill and discharge the demands and responsibilities

	PROVISION	SECTION IN INITIAL TRAINING AGREEMENT	SUMMARY
			required by the System or under a Franchise Agreement in our sole and absolute discretion
h	**Cause** defined – non curable defaults	§ 3 2 4	If we determine during the Initial Training Program that you not acceptable to become a franchisee of for any reason whatsoever in our sole and absolute discretion the Initial Training Agreement will automatically terminate
i	Franchisee s obligations on termination/non-renewal	§ 3 3 5 6	Sign a mutual general release, maintain the confidentiality of our confidential information and make no use of our Proprietary Marks
j	Assignment of contract by franchisor	§ 7 18	There are no limits on our assignment rights
k	**Transfer'** by franchisee definition	§ 7 18	You may not assign your rights under the Initial Training Agreement
l	Franchisor s approval of transfer by franchisee	§ 7 18	You may not assign your rights under the Initial Training Agreement
m	Conditions for franchisor s approval of transfer	Not Applicable	Not Applicable
n	Franchisor's right of first refusal to acquire franchisee s business	Not Applicable	Not Applicable
o	Franchisor s option to purchase franchisee s business	Not Applicable	Not Applicable
p	Death or disability of franchisee	Not Applicable	Not Applicable
q	Non-competition covenants during the term of the Initial Training Agreement	Not Applicable	Not Applicable
r	Non competition covenants after the Initial Training Agreement is terminated or expires	Not Applicable	Not Applicable
s	Modification of the Initial Training Agreement	§ 7 2	Must be in writing signed by both parties
t	Integration/merger clause	§ 7 6	Only the terms of the Initial Training Agreement are binding Any representations or promises outside of the Disclosure Document and the Initial Training Agreement may not be enforceable
u	Dispute resolution by arbitration or mediation	Not Applicable	Not Applicable
v	Choice of forum	§ 7 6	The State of California in the county in which Franchisor has its principal place of business

	PROVISION	SECTION IN INITIAL TRAINING AGREEMENT	SUMMARY
			currently Orange County California subject to applicable state law See the State Specific Addenda (**Exhibit L**) attached to this Disclosure Document
w	Choice of law	§ 7 5	California subject to applicable state law See the State Specific Addenda (**Exhibit L**) attached to this Disclosure Document

APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION IN THIS DISCLOSURE DOCUMENT THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN EXHIBIT L TO THIS DISCLOSURE DOCUMENT

ITEM 18

PUBLIC FIGURES

We do not use any public figures to promote our franchise

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor owned outlets if there is a reasonable basis for the information and if the information is included in the Disclosure Document Financial performance information that differs from that included in Item 19 may be given only if (1) a franchisor provides the actual records of an existing outlet you are considering buying or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance of a particular location or under particular circumstances

We do not make any representations about a franchisee s future financial performance or the past financial performance of company-owned or franchised outlets We also do not authorize our employees or representatives to make any such representations either orally or in writing If you are purchasing an existing outlet however, we may provide you with the actual records of that outlet If you receive any other financial performance information or projections of your future income you should report it to the franchisor s management by contacting our Chief Executive Officer John Kim 929 W Barkley Avenue Orange California 92868, 714-507-1998 the Federal Trade Commission and the appropriate state regulatory agencies

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ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO 1
SYSTEM-WIDE OUTLET SUMMARY
FOR YEARS 2014 to 2016

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE* (+ or)
Franchised				
	2014	64	54	-10
	2015	54	41	-13
	2016	41	36	-5
Company Owned				
	2014	13	11	2
	2015	11	10	1
	2016	10	9	-1
Total Outlets				
	2014	77	65	12
	2015	65	51	-14
	2016	51	45	-6

TABLE NO 2
TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN FRANCHISOR OR AN AFFILIATE)
FOR YEARS 2014 to 2016

STATE	YEAR	NUMBER OF TRANSFERS
Total Outlets		
	2014	0
	2015	0
	2016	0

TABLE NO 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS 2014 to 2016

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS-OTHER REASONS	OUTLETS AT END OF THE YEAR
Arizona								
	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	1	0
	2016	0	0	0	0	0	0	0
California								
	2014	37	0	0	0	0	5	32
	2015	32	0	0	0	0	5	27
	2016	27	2	0	0	0	3	26
Colorado								
	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	1	0
	2016	0	0	0	0	0	0	0
Connecticut								
	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	1	0
Illinois								
	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	1	0
	2016	0	0	0	0	0	0	0
Indiana								
	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
Maryland								

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS OTHER REASONS	OUTLETS AT END OF THE YEAR
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
Massachusetts								
	2014	1	0	0	0	0	1	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
Michigan								
	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
Nevada								
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
Ohio								
	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	1	1
Oregon								
	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	1	1
	2016	1	0	0	0	0	0	1
Pennsylvania								
	2014	1	0	0	0	0	1	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
Texas								

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS-OTHER REASONS	OUTLETS AT END OF THE YEAR
	2014	5	0	0	0	0	1	4
	2015	4	0	0	0	0	2	2
	2016	2	0	0	0	0	1	1
Virginia								
	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	1	1
	2016	1	0	0	0	0	1	0
Washington								
	2014	7	0	0	0	0	3	4
	2015	4	0	0	0	0	1	3
	2016	3	0	0	0	0	0	3
Total Outlets								
	2014	64	1	0	0	0	11	54
	2015	54	0	0	0	0	13	41
	2016	41	2	0	0	0	7	36

In some instances current and former franchises sign confidentiality agreements with provisions restricting their ability to speak openly about their experience with Sweet Candy Franchise LLC You may wish to speak with current and former franchisees, but be aware that not all such franchises will be able to communicate with you

A list of Sweet Factory franchisees is attached to this Disclosure Document as **Exhibit K** There are no Sweet Factory franchisees who were terminated during the period January 1 2016 through December 31 2016, nor are there any Sweet Factory franchisees who have not communicated with us within 10 weeks of the application date of this Disclosure Document We did not reacquire any Sweet Factory franchisees during the period January 1 2016 through December 31, 2016

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system

There are no independent trademark-specific franchisee organizations associated with the franchise system being offered that have asked to be included in this Disclosure Document

TABLE NO 4
STATUS OF COMPANY AND AFFILIATE OWNED OUTLETS
FOR YEARS 2014 to 2016

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEES	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEES	OUTLETS AT END OF THE YEAR
Arizona							
	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
California							
	2014	11	0	0	2	0	9
	2015	9	1	0	2	0	8
	2016	8	0	0	1	0	7
Colorado							
	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
Connecticut							
	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
Florida							
	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
Georgia							
	2014	0	0	0	0	0	0

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEES	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEES	OUTLETS AT END OF THE YEAR
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
Illinois							
	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
Indiana							
	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
Louisiana							
	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
Massachusetts							
	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
Michigan							
	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
New Mexico							
	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEES	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEES	OUTLETS AT END OF THE YEAR
	2016	0	0	0	0	0	0
Nevada							
	2014	2	0	0	0	0	2
	2015	2	0	0	0	0	2
	2016	2	0	0	0	0	2
Ohio							
	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
Oregon							
	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
Pennsylvania							
	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
Texas							
	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
Virginia							
	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEES	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEES	OUTLETS AT END OF THE YEAR
Washington							
	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
Total Outlets							
	2014	13	0	0	2	0	11
	2015	11	1	0	2	0	10
	2016	10	0	0	1	0	9

TABLE NO 5
PROJECTED OPENINGS AS OF
DECEMBER 31, 2017

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY OWNED OUTLETS IN THE NEXT FISCAL YEAR
California	0	0	0
Total	0	0	0

ITEM 21

FINANCIAL STATEMENTS

Attached as **Exhibit C** are our audited financial statements as of December 28 2015 and January 1 2017 Our fiscal year ends on the Monday closest to December 31 of each year

ITEM 22

CONTRACTS

The following contracts are attached to this Disclosure Document in the following order

1 Initial Training Agreement **Exhibit D**

2 Franchise Agreement and attachments **Exhibit E**

3 Addendum for Store Purchase **Exhibit F**

4 Addendum for Purchase of Turnkey Unit **Exhibit G**

5 Area Development Agreement and attachments **Exhibit H**

6 Asset Purchase Agreement and attachments **Exhibit I**

7 Candidate Confidentiality Agreement **Exhibit M**

8 Non Disclosure and Confidentiality Agreement for Employees of Franchisee **Exhibit N**

ITEM 23

RECEIPT

Two copies of an acknowledgment of your receipt of this Disclosure Document appear as **Exhibit O** Please return one copy to us and retain the other for your records

Exhibit A
State Administrators and Agents for Service of Process

SWEET CANDY FRANCHISE, LLC

FRANCHISE DISCLOSURE

DOCUMENT EXHIBIT A

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

RECEIVED
APR 14 2017
Department of Business Oversight
Los Angeles Office

EXHIBIT A
STATE ADMINISTRATORS AND STATE AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Business Oversight 320 West Fourth Street Suite 750 Los Angeles, California 90013 (213) 576 7500 (866) 275 2677	Department of Business Oversight 320 West Fourth Street, Suite 750 Los Angeles California 90013 (213) 576 7500 (866) 275 2677
ILLINOIS	Office of the Attorney General Franchise Bureau 500 South Second Street Springfield Illinois 62706 (217) 782 4465	Attorney General 500 South Second Street Springfield Illinois 62706 (217) 782 4465
MARYLAND	Office of the Attorney General Securities Division 200 Saint Paul Place Baltimore Maryland 21202 2020 (410) 576 6360	Maryland Securities Commission 200 Saint Paul Place Baltimore Maryland 21202 2020 (410) 576 6360
MICHIGAN	Department of Attorney General Consumer Protection Division Franchise Section 525 West Ottawa Street Williams Building First Floor, Lansing Michigan 48933 1067 (517) 373 7177	Department of Commerce Corporations and Securities Bureau 525 West Ottawa Street Williams Building First Floor Lansing, Michigan 48933 1067 (517) 373 7177
NEW YORK	New York State Department of Law Bureau of Investor Protection and Securities 120 Broadway, 23rd Floor New York New York 10271 0332 (212) 416 8211	Secretary of State 41 State Street Albany New York 12231 (518) 474 4750
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem Oregon 97310 (503) 378 4387	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem Oregon 97310 (503) 378-4387
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street 9th Floor Richmond, Virginia 23219 (804) 371 9051	Clerk State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371 9633

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Road S W Tumwater, Washington 98501 (360) 902 8760	Director Department of Financial Institutions Securities Division 150 Israel Road S W Tumwater Washington 98501 (360) 902 8760

If a state is not listed, we are not required to appoint an agent for service of process in that state in order to comply with the requirements of franchise laws There may be states in addition to those listed above in which we have appointed an agent for service of process There may also be additional agents appointed in some of the states listed

Exhibit B
Table of Contents to Manual

SWEET CANDY FRANCHISE, LLC

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT B

TABLE OF CONTENTS TO MANUAL

TABLE OF CONTENTS

Section	Page Nos.
Preface	
Employment at Will	1
Arbitration Policy	2-3
Proprietary Information and Non-Disclosure	4-5
General Operations	
Access to the Premises/POS and Computer System	6
Anti-Harassment	7-8
Attendance & Punctuality	9-10
Bank Deposit	11
Cash Register Overages/Shortages	12, A 24
Check Acceptance	13
Confidentiality/Press Inquiries/ Photos of Store	14-15
Customer Relations	16
Discount Log & Discounts	17-18
Dress Code & Personal Appearance	19-20
Drugs, Narcotics, Alcohol & Firearms	21
Emergency Phone Numbers	22
Emergency Procedures	23-26
Employee Corrective Action	27-28
Equipment and Store Repair	29
Expense	30-31
Gift	32
Gift Certificates	33
Incident Report	34
In-Store Accident Reporting	35
In-Store Communications	36
Introductory Period	37
Loss Prevention	3-39, A 22
Mail Incoming and Outgoing	40-43
Maintenance	44
Meal Time & Rest Breaks	45
MEET! GREET! BEAT!	46-47
Music	48

New-Hire Procedures 49-51
Open Door 52
Opening/Closing Checklist 53
Orientation and Training 54
OSHA Guidelines 55
Paid-Out 56
Panic Alarm 57
Pay Procedures 58-59, A 30-31
Performance Appraisal Policy 60-61, A 32-34
Personal Telephone Calls 62
Personnel Action Notice 63
Personnel Records 64-65
Promotions and Transfers 66
Property Damage 67
Report-in Pay Requirements by State 68
Safety 69-71
Sampling Policy 72
Smoking 73
Solicitation 74
Staff Scheduling 75-76
Staff Scheduling Wage & Hour Information 77-79
Store Open/Close 80
Store Organization 81-86
Store Standards 87-90
Terminations 91-93
Termination Payments by State 94-96
Timekeeping 97-99
Weights & Measures Information 100
Working Restrictions for Minors 101
Working Restrictions for Minors by State 102-104
Work Week Policy 105, A 29

Merchandise Control 106-117

Bin Fill
Damages
Marked Out of Stock
Merchandising Standards
Monthly Control Log
Physical Inventory
Pricing
Product Ordering
Product & Supply Receiving
Spillage
Supply Ordering
Transfer
Tube Transfer

Personnel Management

EEOC Codes 134, A 7-21
Employee Status A 7-21

Employee Supervision	A 7-21
Equal Employment Opportunity	A 7-21
Family and Medical Leave Act	A 7-21
Health Benefits	A 35-____
Holidays	A 35-37
Immigration Law and the I-9 Form	_____
Serious Diseases	_____
Sick Leave, Funeral and Short-Term Absences	A 35-37
Unemployment Claims	A 35-37
Vacation Accrual	A 35-37
Vacation/Personal Day Request	A 35-37

TABLE OF CONTENTS

INTRODUCTION

About Sweet Factory	5
Purpose of this handbook	5
How to use this handbook	5
Classification of Employees	5
Introductory/Probationary Period	6

WORKPLACE PRACTICES

At-Will Employment	7
Equal Employment Opportunity	7
Open Door Policy	7
Reasonable Accommodations for Employees with known disabilities	8
Worker's Compensation	8
Safety	8
FMLA Leaves of Absence	9
Americans with Disabilities Act (ADA)	10
Military Leave	10
Voting Leave	10
Jury and Witness Duty	10
Arbitration	11
Discrimination Harassment and Retaliation	11
Manager Training	12
Closure Beyond the Control of Sweet Factory	12
Hiring of Minors and Child Labor Laws	13
Falsification of Records	13
Bulletin Boards	13
Solicitation and Distribution	13
Business Travel	14
Rehires	14
Resignation	14
Ethical Standards/Conflicts of Interest	15
Hiring of Relatives, Nepotism & Relationships Between Employees	15
Confidential Information	15
Personnel Records and Changes to Personal Information	16
References and Employment Verifications	16
Dress Code and Appearance Standards	16
Voicemail, Email, Computer, and Internet Use	18
Telephone Calls	18
Smoke-Free Workplace	19
Substance Abuse	19
Drug and Alcohol Testing	20
Workplace Violence	21
Company/Personal Property	21
Desk/Locker Inspection	21

LOSS PREVENTION

Loss Prevention	22
Back Door Policy	22
Security	22

CASH HANDLING 24

WORK SCHEDULES
- Schedules 29
- Attendance and Punctuality 29
- Breaks and Meal Periods 29

PAY PRACTICES
- Compensation 30
- Work Week, Pay Period, and Pay Day 30
- Overtime 30
- Time Keeping 30
- Check Cashing Policy 30
- Pay Deductions 30
- Tipping 31

PERFORMANCE
- Standards of Conduct 32
- Discipline 33
- Performance Counseling 33
- Performance Reviews 34

BENEFITS
- Benefit Eligibility-At-A-Glance 35
- Vacation 35
- Sick/Bereavement 35
- Holidays 36
- Employee Discount 36
- Health Benefits 36
- COBRA 36
- Unemployment Insurance 37

Exhibit C
Financial Statements

Exhibit D
Initial Training Agreement

SWEET CANDY FRANCHISE, LLC

INITIAL TRAINING AGREEMENT

SWEET CANDY FRANCHISE, LLC

INITIAL TRAINING AGREEMENT

TABLE OF CONTENTS

1	INCORPORATION OF RECITALS	1
2	INITIAL TRAINING PROGRAM	1
3	INITIAL TRAINING FEE	2
4	FRANCHISOR UNDER NO OBLIGATION TO GRANT FRANCHISE	3
5	CONFIDENTIALITY	3
6	NO RIGHT TO USE PROPRIETARY MARKS OR SYSTEM	3
7	GENERAL	4
	SIGNATURES	8

ATTACHMENTS

ATTACHMENT A ENTITY INFORMATION

SWEET CANDY FRANCHISE, LLC
FRANCHISE DISCLOSURE DOCUMENT

INITIAL TRAINING AGREEMENT

THIS INITIAL TRAINING AGREEMENT (this "**Agreement**") made and entered into as of _____, _____ (the **Effective Date**") by and **SWEET CANDY FRANCHISE, LLC**, a Nevada limited liability company ("**Franchisor**"), and _____ ("**Trainee**"), on the other hand with reference to the following facts

A Sweet Candy LLC a Nevada limited liability company an affiliate of Franchisor, has as the result of the expenditure of time, skill effort, and money developed a distinctive system relating to the establishment and operation of self service candy and confection stores offering one-price candy and confections in bulk (the "**System**")

B The distinguishing characteristics of the System include, without limitation candy gifting and novelty items which incorporate Franchisor's trade secrets and proprietary information (the "**Proprietary Products**") operating methods and business practices the relationship between Franchisor and its franchisees, distinctive exterior and interior design, decor, color scheme fixtures and furnishings, standards and specifications for products and supplies service standards, uniform standards specifications, and procedures for operations procedures for inventory and management control training and assistance, advertising and promotional programs Franchisor s websites Franchisor specified pricing, restrictions on ownership, standard operating and administrative procedures and management and technical training programs, all of which may be changed, improved and further developed by Franchisor from time to time

C The System is identified by means of certain trade names, service marks trademarks logos emblems and indicia of origin including but not limited, to the mark "**Sweet Factory** and such other trade names service marks, and trademarks as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System (the "**Proprietary Marks**")

D Franchisor has the right to use, and to license others to use, the Proprietary Products, the Proprietary Marks and the System

E Trainee desires to enter into the business of operating a retail store as a franchisee of Franchisor under the System and using the Proprietary Marks (a "**Store**"), and acknowledges and agrees that Trainee s completion of Franchisor s Initial Training Program for franchisees offered by Franchisor (the **Initial Training Program**) is a condition to the grant by Franchisor to Trainee of a license to operate a Store as a franchisee of Franchisor and to the execution of a Franchise Agreement for a Store by Franchisor and Trainee

NOW, THEREFORE, IT IS AGREED

1 INCORPORATION OF RECITALS

The recitals set forth in Paragraphs A through E above are true and correct and are hereby incorporated by reference into the body of this Agreement

2 INITIAL TRAINING PROGRAM

Franchisor shall provide an Initial Training Program in the Franchisor s System and methods of operation at the Franchisor s training facilities and at other Sweet Factory Stores Trainee shall attend and complete the Initial Training Program to become eligible to sign a Franchise Agreement Franchisor shall determine the contents and manner of conducting the Initial Training Program in its discretion, however the Initial Training Program will be structured to provide practical training in the implementation and operation of

a Sweet Factory Store and may include such topics as Sweet Factory standards marketing and customer service techniques reports and maintenance Trainee acknowledges that because of Franchisor s superior skill and knowledge with respect to the training and skill required to manage the Store Franchisor s judgment as to whether or not Trainee has satisfactorily completed such Initial Training Program shall be determined by Franchisor in its judgment Trainee shall pay Franchisor an initial training fee of $5,000 for the Initial Training Program (the **Initial Training Fee**) for Trainee and one management employee on the Effective Date If Trainee desires to have additional attendees attend the Initial Training Program, Trainee shall pay Franchisor an initial training fee of $3,000 for each additional attendee sent by Trainee Trainee shall be responsible for any and all other expenses incurred in connection with attendance at the Initial Training Program including, without limitation, the costs of transportation lodging, meals, and any wages of additional attendees Franchisor shall, in its sole discretion, select the time and location of the Initial Training Program Trainee acknowledges that Trainee has been advised by Franchisor that Trainee should not sign a lease or purchase a site for the Store until Franchisor notifies Trainee that Trainee has successfully completed the Initial Training Program

3 **INITIAL TRAINING FEE**

Trainee shall pay Franchisor an initial training fee of $5 000 for the Initial Training Program (the **Initial Training Fee**) for Trainee and one management employee on the Effective Date If Trainee desires to have additional attendees attend the Initial Training Program, Trainee shall pay Franchisor an initial training fee of $3,000 for each additional attendee sent by Trainee Trainee shall be responsible for any and all other expenses incurred in connection with attendance at the Initial Training Program including, without limitation the costs of transportation, lodging meals, and any wages of additional attendees Franchisor shall, in its sole discretion, select the time and location of the Initial Training Program Trainee shall exert Trainee s best efforts to complete the Initial Training Program to Franchisor's satisfaction as determined by Franchisor in its sole and absolute discretion Trainee must attend and complete the Initial Training Program within six (6) months after the Effective Date unless otherwise agreed by Franchisor Trainee acknowledges that Trainee has been advised by Franchisor that Trainee should not sign a lease or purchase a site for the Store until Franchisor notifies Trainee that Trainee has successfully completed the Initial Training Program

3 1 **Credit of Initial Training Fee** If Trainee completes the Initial Training Program to Franchisor's satisfaction, Franchisor shall credit the entire Initial Training Fee towards the initial franchise fee for a Store upon the parties execution of a Franchise Agreement for a Store

3 2 **Partial Refund of Initial Training Fee** If Trainee (i) fails to complete the Initial Training Program within six (6) months after the Effective Date, (ii) does not complete the Initial Training Program to Franchisor's satisfaction, (iii) does not, during the Initial Training Program, appear to possess the skills necessary to properly fulfill and discharge the demands and responsibilities required by the System or a Franchise Agreement or (iv) is not acceptable to become a franchisee of Franchisor for any reason whatsoever in Franchisor s sole and absolute discretion, this Agreement shall automatically terminate and be of no further force or effect Trainee shall not be eligible to become a franchisee of Franchisor and Franchisor shall retain $2,000 of the Initial Training Fee and shall refund $3 000 of the Initial Training Fee to Trainee within thirty (30) days Franchisor and Trainee acknowledge and agree that the actual damages to be suffered by Franchisor in the circumstances described in this Section 3 are difficult, if not impossible to determine and that, under all the facts and circumstances this calculation of Franchisor's potential damages and the portion of the Initial Training Fee retained by Franchisor are a reasonable, good-faith estimate of such damages

3 3 **Conditions of Refund** Payment by Franchisor and acceptance by Trainee of a refund of a portion of the Initial Training Fee shall constitute a release of any and all claims which each may have against the other (including the respective partners shareholders directors, agents, or employees thereof) arising out of or in connection with the Initial Training Program and Trainee s efforts to purchase a license to operate a Store As a condition to the payment of any refund Trainee shall execute a general release, in a form prescribed by Franchisor, of any and all claims which Trainee may have or believes to have against Franchisor

and/or its affiliates and their respective officers directors, agents and employees, whether the claims are known or unknown which are based on arise from or relate to this Agreement the Initial Training Program the Initial Training Fee and Franchisor s decision to not permit Trainee to purchase a license to operate a Store which arose on or before the date of the general release, including without limitation, all obligations liabilities demands costs, expenses damages, claims, actions and causes of action, of whatever nature, character or description, arising under federal state and local laws, rules and ordinances

4 FRANCHISOR UNDER NO OBLIGATION TO GRANT FRANCHISE

Franchisor and Trainee acknowledge and agree that neither the execution of this Agreement by Franchisor nor Trainee s completion of the Initial Training Program shall obligate Franchisor in any way to grant Trainee a license to operate a Store or to execute a Franchise Agreement for a Store Franchisor may refuse to offer a Franchise Agreement to Trainee (i) if Trainee fails to attend and complete the Initial Training Program to Franchisor's satisfaction, as determined by Franchisor, in its sole and absolute discretion (ii) if Trainee fails to complete the Initial Training Program within six (6) months after the Effective Date unless otherwise agreed by Franchisor (iii) if, for any reason Franchisor determines during the Initial Training Program, in its sole and absolute discretion, that Trainee does not appear to possess the skills necessary to properly fulfill and discharge the demands and responsibilities required by the System or a Franchise Agreement, or (iv) if for any reason, Franchisor determines during the Initial Training Program, in its sole and absolute discretion, that Trainee is not acceptable to become a franchisee of Franchisor for any reason whatsoever in Franchisor s sole and absolute discretion If Franchisor refuses to offer Trainee a Franchise Agreement for a Store, to the extent permitted by applicable law, Trainee nor Trainee s management employee shall, for a period of twenty-four (24) months thereafter either directly or indirectly, own, operate, advise be employed by or have any financial interest in any self-service candy and confection business which offers one-price candy and confections for sale in bulk similar to the products offered by a Sweet Factory Store within a ten (10) mile radius of any Sweet Factory Store without Franchisor s prior written consent In applying for such consent, Trainee and/or such individual will have the burden of establishing that any such activity will not involve the use of benefits provided under this Agreement or constitute unfair competition with Franchisor or other franchisees of Franchisor

5 CONFIDENTIALITY

Trainee shall not, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of anyone else, any confidential information which includes, without limitation, tangible and intangible information (whether or not in electronic form) relating to Franchisor s business operations products and services sources of materials and equipment client management and other software data other content, formulations, patterns, compilations programs devices and processes business relationships contact information for industry professionals, designs developmental or experimental work and services improvements discoveries, plans for research potential new or supplemental products and services websites advertisements or ancillary products and services marketing and selling methods and/or plans business plans, budgets and unpublished financial statements, licenses, prices and costs vendors collaborators current customer and prospective customer names and addresses, information regarding credit extensions to customers customer service purchasing histories and prices charged to customers information regarding the skills and compensation of employees and contractors of Franchisor, designs, drawings, specifications, source code, object code documentation, diagrams, flowcharts, research, development, marketing techniques and materials trademarks trade secrets sales/license techniques inventions copyrightable material, trademarkable material, databases relationships between Franchisor and other companies, persons or entities, knowledge or know-how concerning the methods of operation of Stores which may be communicated to Trainee or of which Trainee may be apprised by virtue of Trainee s attendance at the Initial Training Program and any other information or material considered proprietary by Franchisor whether or not designated as confidential information by Franchisor that is not generally known by the public, or which derives independent economic value (actual or potential) from not being generally known to the public or persons unaffiliated with Franchisor or its affiliates and which is the subject of efforts by Franchisor that are reasonable under the circumstances to maintain its secrecy, and any other information in oral written graphic or electronic form which, given the

circumstances surrounding its disclosure would be considered confidential (collectively the **Confidential Information**) Confidential Information does not include any information that was in the lawful and unrestricted possession of Trainee prior to its disclosure by Franchisor, is or becomes generally available to the public by acts other than those of Trainee after receiving it, has been received lawfully and in good faith by Trainee from a third party who did not derive it from Franchisor or Trainee or is shown by acceptable evidence to have been independently developed by Trainee Trainee shall not at any time copy, duplicate record or otherwise reproduce any of the foregoing materials, in whole or in part, or otherwise make the same available to any unauthorized person The duplication or use of the System in any other endeavor or business by Trainee shall constitute an unfair method of competition Any and all matters information knowledge, know-how techniques Proprietary Products customer information pricing and other data which Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement Trainee shall make no unauthorized copy of any portion of the System, including without limitation, the Manuals bulletins supplements, confidential correspondence or other confidential communications, whether written or oral Trainee acknowledges and agrees that failure to comply with the requirements of this Section 5 will result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Trainee consents to the issuance of and agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining without the posting of any bond, an ex parte or other order for injunctive or other legal or equitable relief with respect to the requirements of this Section 5

6 NO RIGHT TO USE PROPRIETARY MARKS OR SYSTEM

Franchisor and Trainee acknowledge and agree that this Agreement is not a Franchise Agreement and does not grant Trainee any right whatsoever to use or to license the use of the Proprietary Marks the Proprietary Products or the System in any way

7 GENERAL

7 1 **No Waiver** No delay, waiver, omission, or forbearance on the part of Franchisor to exercise any right, option, duty or power arising out of any breach or default by Trainee of any of the terms provisions, or covenants of this Agreement, and no custom or practice by the parties at variance with the terms of this Agreement shall constitute a waiver by Franchisor to enforce any such right, option or power as against Trainee or as to a subsequent breach or default by Trainee

7 2 **Entire Agreement** This Agreement constitutes the entire and complete Agreement between Franchisor and Trainee concerning the subject matter of this Agreement and supersedes all prior agreements No amendment, change, or variation from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing

7 3 **Severability and Construction** Except as expressly provided to the contrary in this Agreement, each section paragraph, part, term, and provision of this Agreement shall be considered severable and if for any reason any section, paragraph, part, term, provision and/or covenant in this Agreement is determined to be invalid and contrary to, or in conflict with any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, paragraphs parts terms, provisions, and/or covenants of this Agreement as may remain otherwise intelligible and the latter shall continue to be given full force and effect and bind the parties hereto and the invalid portions, sections, paragraphs, parts terms provisions, and/or covenants shall be deemed not to be a part of this Agreement Neither this Agreement or any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement whether under any rule of construction or otherwise On the contrary this Agreement has been review by all parties and shall be construed and interpreted according to the ordinary meaning of the words used to fairly accomplish the purposes and intentions of all parties to this Agreement Franchisor and Trainee intend that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision

enforceable and the other or others of which would render the provision unenforceable, the provision shall be given the meaning that renders it enforceable

7 4 **Captions** All captions in this Agreement are intended for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision of this Agreement

7 5 **Choice of Law** This Agreement takes effect upon its acceptance and execution by Franchisor in California, and shall be interpreted and construed under the laws of California In the event of any conflict of law the laws of California shall prevail without regard to the application of California conflict of law rules If, however any provision of this Agreement would not be enforceable under the laws of California and if a Store is located outside of California and such provision would be enforceable under the laws of the state in which a Store is located, then such provision shall be interpreted and construed under the laws of that state Nothing in this Section 7 5 is intended by the parties to subject this Agreement to any franchise or similar law, rules, or regulation of any state to which it would not otherwise be subject

7 6 **Venue** The parties agree that any action brought by either party against the other in any court whether federal or state shall be brought within the State of California in the county in which Franchisor has its principal place of business at the time the action is initiated, and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision

7 7 **Non-exclusivity of Remedy** No right or remedy conferred upon or reserved to Franchisor or Trainee by this Agreement is intended to be nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted but each shall be cumulative of every other right or remedy

7 8 **Limitation of Adjudicative Proceedings** Franchisor and Trainee irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of them against the other, whether or not there are other parties in such action or proceeding Any and all claims and actions arising out of or relating to this Agreement or the relationship of Trainee and Franchisor shall be commenced within two (2) years from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred Franchisor and Trainee hereby waive to the fullest extent permitted by law any right to or claim of any punitive or exemplary damages against the other and agree that in the event of a dispute between them each shall be limited to the recovery of any actual damages sustained by it

7 9 **Right to Injunctive Relief** Nothing herein contained shall bar Franchisor's right to seek injunctive relief without the posting of any bond or security to obtain the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to Trainee's (a) use of the System the Proprietary Products and/or the Proprietary Marks (b) disclosure or use of any confidential information of Franchisor Franchisor shall be able to seek injunctive relief to prohibit any act or omission by Trainee and Trainee agrees to pay all costs and reasonable attorneys' fees incurred by Franchisor in obtaining such relief

7 10 **Attorneys' Fees** If Franchisor becomes a party to any legal proceedings concerning this Agreement by reason of any act or omission of Trainee Trainee shall be liable to Franchisor for the reasonable attorneys' fees and court costs incurred by Franchisor in the legal proceedings If either party commences a legal action against the other party arising out of or in connection with this Agreement the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit

7 11 **Recognition of Business Risks** Trainee acknowledges and agrees that Trainee has conducted an independent investigation of the proposed franchise, and recognizes that the business venture contemplated by a Franchise Agreement involves business risks and that Trainee s success will be largely dependent upon the ability of Trainee as an independent business person Franchisor expressly disclaims the making of, and Trainee acknowledges and agrees that Trainee has not received any warranty or guarantee

express or implied as to the potential sales income, profits or success of the business venture contemplated by a Franchise Agreement, or of other Sweet Factory Stores

7 12 **Receipt of Franchise Disclosure Document** Trainee acknowledges and agrees that Trainee has received a copy of the complete Sweet Candy Franchise, LLC Uniform Franchise Disclosure Document for Sweet Factory stores which contains a copy of this Initial Training Agreement at least fourteen (14) calendar days prior to the Effective Date Trainee further acknowledges and agrees that Trainee has received a copy of this Agreement prior to Effective Date Trainee acknowledges and agrees and agrees that Franchisor has made no promises, representations, warranties or assurances to Trainee which are inconsistent with the terms of this Agreement or Franchisor s Uniform Franchise Disclosure Document, concerning the profitability or likelihood of success of a Store at a Franchised Location that Trainee has been informed by Franchisor that there can be no guaranty of success in the franchised business and that Trainee s business ability and aptitude is primary in determining Trainee s success

7 13 **Review of Franchise Disclosure Document** Trainee acknowledges and agrees that it has read and understood this Agreement, the attachments to this Agreement, and agreements relating to this Agreement, if any and that Franchisor has accorded Trainee ample time and opportunity to consult with advisors and counsel of Trainee's own choosing about the potential benefits and risks of entering into this Agreement

7 14 **No Representations by Franchisor** Trainee acknowledges and agrees that prior to the Effective Date, no employee agent or other person speaking on Franchisor s behalf made (i) any statement or promise to Trainee concerning projected revenues profits or operating costs of a Sweet Factory franchised business, (ii) any statement or promise to Trainee regarding the amount of money Trainee may earn in operating a Sweet Factory franchised business (iii) any statement or promise to Trainee concerning the total amount of revenue a Sweet Factory franchised business will or may generate, or (iv) any statement or promise to Trainee regarding the costs Trainee will or may incur in operating a Sweet Factory franchised business

7 15 **Atypical Arrangements** Trainee acknowledges and agrees that Franchisor may modify the offer of Franchisor s Initial Training Program to other franchisees in any manner and at any time which offers have or may have terms conditions and obligations which may differ from the terms, conditions and obligations in this Agreement Trainee further acknowledges and agrees that Franchisor has made no warranty or representation that all Initial Training Agreements previously issued or issued after this Agreement by Franchisor do or will contain terms substantially similar to those contained in this Agreement Franchisor may in Franchisor s reasonable business judgment and Franchisor s sole and absolute discretion, due to local business conditions or otherwise waive or modify comparable provisions of other Initial Training Agreements previously executed or executed after the date of this Agreement with other Sweet Factory franchisees in a non-uniform manner

7 16 **Anti-Terrorism Laws** Trainee and Trainee s officers, directors, members and shareholders shall comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws (as defined below) In connection with such compliance Trainee and Trainee s officers directors members and shareholders certify, represent, and warrant that none of the property or interests of Trainee or its officers directors members and shareholders is subject to being blocked under any of the Anti-Terrorism Laws and that Trainee and its officers directors, members and shareholders are not otherwise in violation of any of the Anti-Terrorism Laws

7 16 1 For the purposes of this Section 17 16, **Anti-Terrorism Laws** means Executive Order 13224 issued by the President of the United States the Terrorism Sanctions Regulations (Title 31, Part 595 of the U S Code of Federal Regulations) the Foreign Terrorist Organizations Sanctions Regulations (Title 31 Part 597 of the U S Code of Federal Regulations) the Cuban Assets Control Regulations (Title 31 Part 515 of the U S Code of Federal Regulations) the USA Patriot Act and all other present and future federal, state and local laws ordinances regulations, policies lists and any other requirements of any Governmental

Authority (including, without limitation the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war

7 16 2 Trainee and Trainee s officers directors, members and shareholders certify that none of its employees or anyone associated with Trainee or its officers, directors members and shareholders are listed in the Annex to Executive Order 13224 Trainee agrees not to hire any individual listed in the Annex The Annex is available at

http //www treasury gov/offices/enforcement/ofac/sanctions/terrorism html

7 16 3 Trainee certifies that Trainee has no knowledge or information that, if generally known, would result in Trainee its officers, directors members and shareholders, its employees, or anyone associated with Trainee to be listed in the Annex to Executive Order 13224

7 16 4 Trainee shall be solely responsible for ascertaining what actions must be taken by Trainee to comply with the Anti-Terrorism Laws, and Trainee specifically acknowledges and agrees that Trainee s indemnification responsibilities set forth in this Agreement pertain to Trainee's obligations under this Section 7 16

7 16 5 Any misrepresentation by Trainee under this Section 7 16 or any violation of the Anti-Terrorism Laws by Trainee its officers, directors, members and shareholders, or Trainee s employees shall constitute grounds for immediate termination of this Agreement and any other Agreement Trainee has entered with Franchisor or an affiliate of Franchisor, in accordance with the terms of this Agreement

7 17 **Notices** All notices or demands shall be in writing and shall be served in person, by Express Mail, by certified mail, by private overnight delivery, or by electronic transmission Service shall be deemed conclusively made (a) at the time of service, if personally served, (b) twenty-four (24) hours (exclusive of weekends and national holidays) after deposit in the United States mail, properly addressed and postage prepaid, if served by Express Mail, (c) upon the earlier of actual receipt or three (3) calendar days after deposit in the United States mail, properly addressed and postage prepaid, Return Receipt Requested, if served by Certified Mail, (d) twenty-four (24) hours after delivery by the party giving the notice statement or demand if by private overnight delivery, and (e) one (1) business day after electronic transmission (with confirmation copy sent by regular United States mail Notices and demands shall be given to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party

Notices to Franchisor

Sweet Candy Franchise, LLC
929 W Barkley Avenue
Orange, California 92868
Fax 714-223-1081
Attention President

With a copy (which shall not constitute notice) to

Barry Kurtz Esq
Kurtz Law Group A Professional Corporation
21650 Oxnard Street
Suite 500
Woodland Hills, California 91367
Fax 818-986-4474

Notices to Trainee _____

_____

_____

Fax _____

Either party may change its address for the purpose of receiving notices demands and other communications as herein provided by a written notice given in the manner aforesaid to the other party

7 18 **Transfers** Franchisor shall have the right to transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity Trainee shall not have the right to transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity

7 19 **Additional Documents** Each of the parties agrees to execute, acknowledge and deliver to the other party and to procure the execution acknowledgment and delivery to the other party of any additional documents or instruments which either party may reasonably require to fully effectuate and carry out the provisions of this Agreement

7 20 **Counterparts and Electronic Copies** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument Signatures transmitted electronically or by facsimile will be deemed original signatures Electronic copies of this Agreement shall constitute and be deemed an original copy of this Agreement for all purposes, provided that such electronic copies are fully executed in the manner required and are dated and identical in form to the original hard copy version of this Agreement

IN WITNESS WHEREOF, the parties have executed this Agreement on the Effective Date

FRANCHISOR

SWEET CANDY FRANCHISE, LLC

By _____

Name _____

Title _____

TRAINEE

_____,

[ ] an individual,
[ ] a _____ general partnership
[ ] a _____ limited partnership
[ ] a _____ limited liability company
[ ] a _____ corporation

By _____
Its _____, and individually

SWEET CANDY FRANCHISE, LLC
INITIAL TRAINING AGREEMENT

ATTACHMENT A
ENTITY INFORMATION

ATTACHMENT A
ENTITY INFORMATION

If Trainee is an Entity, Trainee represents and warrants that the following information is accurate and complete in all material respects

(1) Trainee is a (check as applicable)
[ ] corporation
[ ] limited liability company
[ ] general partnership
[ ] limited partnership
[ ] Other (specify) _____

(2) Trainee shall provide to Franchisor concurrently with the execution of this Agreement true and accurate copies of its charter documents including Articles of Incorporation, Bylaws Operating Agreement Partnership Agreement resolutions authorizing the execution of this Agreement and any amendments to the foregoing (**Entity Documents** ')

(3) Trainee promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in Trainee

(4) The name and address of each of Trainee s Owners members or general and limited partner

NAME	ADDRESS	NUMBER OF SHARES OR PERCENTAGE INTEREST (if applicable)

(5) There is set forth below the names, and addresses and titles of Trainee s principal officers or partners who will be devoting their full time to the Business

NAME	ADDRESS

(6) The address where Trainee's Financial Records, and Entity records (e g Articles of Incorporation Bylaws, Operating Agreement Partnership Agreement, etc) are maintained is

_____

(SIGNATURES ON FOLLOWING PAGE)

FRANCHISOR

SWEET CANDY FRANCHISE, LLC,

By _____

Name _____

Title _____

TRAINEE

_____,

[ ] an individual,
[ ] a _____ general partnership
[ ] a _____ limited partnership,
[ ] a _____ limited liability company
[ ] a _____ corporation

By _____
Its _____, and individually

Exhibit E
Franchise Agreement and Attachments

SWEET CANDY FRANCHISE, LLC

FRANCHISE AGREEMENT

SWEET CANDY FRANCHISE, LLC
FRANCHISE AGREEMENT
TABLE OF CONTENTS

1 GRANT	2
2 INITIAL AND EXTENDED TERMS	3
3 DUTIES OF FRANCHISOR	5
4 FEES	6
5 RENOVATION OR CONSTRUCTION OF THE FRANCHISED LOCATION	9
6 TRAINING	11
7 DUTIES OF FRANCHISEE	11
8 PROPRIETARY MARKS	17
9 CONFIDENTIAL MANUAL AND INFORMATION	20
10 ACCOUNTING AND RECORDS	20
11 ADVERTISING	22
12 INSURANCE	25
13 TRANSFER OF INTEREST	26
14 DEFAULT AND TERMINATION	31
15 OBLIGATIONS UPON TERMINATION OR EXPIRATION	34
16 COVENANTS	37
17 FRANCHISEE AS A CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP	39
18 TAXES	40
19 INDEPENDENT CONTRACTOR AND INDEMNIFICATION	40
20 WEB SITES	41
21 APPROVALS WAIVERS, AND NOTICES	46
22 ENTIRE AGREEMENT, SEVERABILITY, AND CONSTRUCTION	47
23 APPLICABLE LAW	49
24 ACKNOWLEDGEMENTS	50

ATTACHMENTS

Attachment A	The Franchised Location
Attachment B	Authorization Agreement for Pre Arranged Payments (Direct Debit)
Attachment C	State Specific Amendments
Attachment D	Guarantees
Attachment E	Entity Information

SWEET CANDY FRANCHISE, LLC

FRANCHISE AGREEMENT

This Franchise Agreement (the **Agreement**) made and entered into as of _____ by and between **SWEET CANDY FRANCHISEE, LLC** a Nevada limited liability company ("**Franchisor**'), and _____ (**Franchisee**"), with reference to the following facts

A Sweet Candy LLC a Nevada limited liability company an affiliate of Franchisor (the **Operating Company** ') has as the result of the expenditure of time, skill, effort and money developed a distinctive system relating to the establishment and operation of self service candy and confection stores offering one price candy and confections in bulk (the '**System**')

B The distinguishing characteristics of the System include without limitation candy gifting and novelty items which incorporate Franchisor's trade secrets and proprietary information (the "**Proprietary Products** ') distinctive exterior and interior design décor, color scheme, fixtures, and furnishings, standards and specifications for products and supplies service standards, uniform standards, specifications and procedures for operations procedures for inventory and management control, training and assistance, and advertising and promotional programs all of which may be changed, improved, and further developed by Franchisor from time to time

C The System is identified by means of certain trade names service marks, trademarks logos emblems, and indicia of origin including, but not limited to the mark **Sweet Factory** and such other trade names service marks and trademarks as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System (the '**Proprietary Marks**)

D Franchisor has the right to use and to license others to use the Proprietary Products the Proprietary Marks and the System

E Franchisor continues to develop use and control the use of the Proprietary Marks in order to identify for the public the source of services and products marketed under the Agreement and under the System and to represent the System s high standards of quality appearance, and service

F Franchisee desires to enter into the business of operating a retail store under the System and using the Proprietary Marks (the ' **Store**"), and wishes to enter into an agreement with Franchisor for that purpose and to receive the training and other assistance provided by Franchisor in connection therewith Franchisee represents and warrants to Franchisor as an inducement to Franchisor's execution of this Agreement that all statements made by Franchisee and all materials provided to Franchisor by Franchisee in connection with the grant of the franchise to Franchisee are accurate and complete and that Franchisee has made no misrepresentations or material omissions in connection with obtaining the franchise Franchisor grants this franchise in reliance upon each and all of Franchisee s representations

G Franchisee understands and acknowledges the importance of Franchisor s high standards of quality cleanliness appearance service and the necessity of operating the Store in conformity with Franchisor s standards and specifications

NOW, THEREFORE, THE PARTIES AGREE

1 GRANT

1 1 **Grant** Franchisor hereby grants to Franchisee the right and Franchisee undertakes the obligation to use the System the Proprietary Products and Proprietary Marks solely in connection with the operation of one (1) Sweet Factory Store at and only at the **Franchised Location**" (as defined in Section 1 2) The Proprietary Marks, all Internet domain names, URLs, copyrights, toll free '1-800', 1 888 and 1 877 telephone numbers or other like toll free telephone numbers which may be utilized by Franchisor or its affiliates and their mnemonics and other identifying marks constituting a part of the System now or in the future shall be used solely in connection with the operation of the Store Nothing contained herein shall be construed to authorize or permit the use by Franchisee of the System the Proprietary Products or the Proprietary Marks and Internet domain names URLs toll free 1 800' 1 888 or '1 877' telephone numbers or any confusingly similar imitations of the same, at or for the benefit of any location other than the Franchised Location, on the Internet or for any other purpose whatsoever Further during the term of this Agreement Franchisee shall not sell candy and confections in bulk through any means of distribution other than the Store including through the use of toll free '1 800' 1 888 and 1 877' telephone numbers mail order catalogs, direct mail advertising, domain names, URLs on line computer networks and services, the Internet, kiosks, carts concessions, satellite units or other mobile remote limited service or non permanent facilities unless expressly authorized by Franchisor in writing to do so In addition Franchisee shall not engage in wholesale sales of any kind without Franchisor s prior consent Wholesale sales means the direct or indirect sale or distribution of candy and confection products to a third party for resale retail sale or further distribution through any trade method or trade channel

1 2 **Location of Store** Franchisee shall operate the Store only at the following address _____ (the '**Franchised Location**) If, at the time of execution of this Agreement the Franchised Location has not been obtained Franchisor and Franchisee shall following the acquisition of the Franchised Location complete and execute Attachment A annexed to this Agreement Franchisee shall not relocate the Store from the Franchised Location without the prior written approval of Franchisor Any approval or assistance furnished by Franchisor in selecting and/or approving the Franchised Location is not, and shall not be deemed to be a guarantee or assurance by Franchisor that the Store shall be profitable or successful

1 3 **Restrictions** Franchisee expressly acknowledges and agrees that that the franchise granted herein is only for one (1) Store at the Franchised Location and the Franchisee shall not have the right to sublicense sublease subcontract or enter into any management agreement providing for the right to operate the Store or to use the System granted pursuant to this Agreement

1 4 **Protected Area** During the initial term of this Agreement and provided that Franchisee is not in default of this Agreement or any other agreement between Franchisor its affiliates and Franchisee Franchisor shall not own operate sell or issue a franchise for any other franchised unit within an area designated as follows _____ (the '**Protected Area**") Except as expressly provided for in this Section 1 4 to the contrary Franchisee shall have no territorial or protective rights, and Franchisor shall have the right to place a company owned or franchised unit anywhere it desires In addition Franchisor and its affiliates retain the right among others in any manner and on any terms and conditions that Franchisor deems advisable and without granting Franchisee any rights therein

1 4 1 To own, acquire establish and/or operate and license other to establish and operate Sweet Factory stores at any location outside of the Protected Area

1 4 2 To own acquire, establish and/or operate, and license other to establish and operate, businesses under other proprietary marks or other systems whether such businesses are the same, similar, or different form the Store, at any location whether inside or outside the Protected Area,

1 4 3 To license others to sell or distribute any products or services which bear any proprietary marks, including the Proprietary Marks at any location outside the Protected Area

1 4 4 To produce license distribute and market Sweet Factory candy and confections clothing, souvenirs, and novelty items through any outlet, whether inside or outside the Protected Area (regardless or its proximity to the Store) including grocery stores, supermarkets and convenience stores and through any distribution channel at wholesale or retail including by means or the Internet mail order catalogs, direct mail advertising and other distribution methods,

1 4 5 To own acquire establish and/or operate and grant others the right to develop, own, operate and issue franchises and licenses to others to develop, own and operate other methods and channels of distribution utilizing the Proprietary Marks and the System including without limitation toll free 1 800 , 1 888 and 1 877 ' telephone numbers domain names, URLs on line computer networks and services the Internet, kiosks carts concessions satellite units, other mobile, remote, limited service or non permanent facilities or other retail operations as a part of larger retail venues such as department stores supermarkets, shopping malls or in public areas such as amusement parks, airports train stations public facilities college and school campuses, arenas stadiums hospitals office buildings, convention centers airlines (in flight service) and military bases whether inside or outside the Protected Area, and

1 4 6 To sell Sweet Factory candy and confections to **'National Accounts"** For purposes of this Agreement, **'National Accounts"** shall mean and refer to multi-state businesses that purchase such products as end users and not as re sellers

1 4 7 To market on the Internet and use the Proprietary Marks on the Internet, including all use of websites, domain names, URLs directory addresses email addresses, metatags, linking, advertising co branding and other arrangements, and in all other forms of electronic media

1 5 **Modification to System and Manual** Franchisee acknowledges that the System, Franchisor s Confidential Operations Manual or any other manual loaned to Franchisee by Franchisor under to Section 3 5 (hereinafter collectively referred to as the "**Manual**), and the products and services offered by the Store may be modified, (such as but not limited to, the addition deletion, and modification of menu items, operating procedures products and services) from time to time by Franchisor Franchisee agrees to comply, at its expense with all such modifications, including, without limitation all requirements to implement the modifications such as replacement or renovation of equipment, remodeling redecoration and modifications to existing improvements, including structural changes Franchisor shall notify Franchisee of any such System changes Franchisee shall implement any System changes upon receipt of notice thereof from Franchisor, and shall complete their implementation within such time as Franchisor may reasonably specify For purposes of this Agreement, System changes shall include, without limitation changes in any of the categories referred to in Section 7 3

2 INITIAL AND EXTENDED TERMS

2 1 **Initial Term** The initial term of this Agreement, except as otherwise provided herein, shall commence upon its acceptance and execution by Franchisor, or in the case of an assignment of this franchise commencing on the date Franchisee assumes ownership of the Franchised Unit, and shall expire ten (10) years from the date Franchisee commences operations at the Store, unless sooner terminated under the terms of this

Agreement however, if the term of the **Lease** , **Master Lease** or '**Sublease**' (as defined in Section 2 2 4 and Section 3 1) for the Franchised Location is for less than ten (10) years, including any extension of the term, the initial term of this Agreement shall be for a period identical to the term of the Lease, Master Lease or Sublease Franchisee shall have no right or option to extend or renew the term of this Agreement except as provided in Section 2 2 Following the opening of the Store or the assignment of this franchise to Franchisee Franchisor and Franchisee shall complete and execute **Exhibit A** attached to this Agreement to memorialize the commencement date and expiration date of this Agreement

2 2 **Options to Extend** Franchisee shall have the option to extend the term of this Agreement on the terms and conditions set forth in this Agreement, for two (2) additional five (5) year periods upon written notice given by Franchisee to Franchisor not less than six (6) months nor more than twelve (12) months prior to the scheduled expiration date of the term then in effect provided that each of the following conditions are satisfied

2 2 1 Franchisee shall in a manner satisfactory to Franchisor, renovate refurbish, or reconstruct the Store at its expense prior to the effective date of each extension to conform to the building design trade dress color schemes and presentation of Proprietary Marks to the image then in effect for new of the most recently remodeled stores under the System including without limitation, such structural changes remodeling and redecoration and such modifications to existing improvements, as may be necessary or required by law

2 2 2 Franchisee shall not be in default of any provision of this Agreement or any other agreement between Franchisee and Franchisor or its affiliates, or any standards set forth in the Manual and Franchisee shall have complied with all the terms and conditions of this Agreement the Manual and any other agreements during the term of this Agreement

2 2 3 Franchisee shall have satisfied all monetary obligations owed by Franchisee to Franchisor and its affiliates and shall have timely met those obligations throughout the term of this Agreement,

2 2 4 Franchisee must have the ability to extend the term of Franchisee's lease for the Franchised Location (a '**Lease**) with Franchisee's third party landlord (a '**Landlord**") or Franchisor must have the ability to extend the term of its lease (the '**Master Lease**') with the landlord (the **Master Landlord**) of the Franchised Location on terms acceptable to Franchisee and/or Franchisor Each extended term of this Agreement shall in no event exceed five (5) years or the extension term of the Lease Master Lease or Sublease

2 2 5 Franchisee shall at Franchisor s option execute Franchisor's then current form of Franchise Agreement and any addenda thereto, for the successor term, which agreement shall supersede this Agreement in all respects and the terms of which, including, without limitation, the Protected Area, the amount of the royalty fee and advertising fee may differ materially and be less advantageous to Franchisee than the terms of this Agreement provided however that Franchisor s option as set forth in Sections 15 9 15 11 shall remain in effect

2 2 6 Franchisee shall comply with Franchisor's then current qualification and training requirements

2 2 7 Franchisee shall pay Franchisor a fee for the right to obtain an extended term in an amount equal to one half (1/2) of the then current initial franchise fee charged by Franchisor to new franchisees of Franchisor, and

2 2 8 Franchisee shall execute a general release, in a form prescribed by Franchisor of any and all claims which Franchisee may have or believes to have against Franchisor and/or its affiliates and their respective officers, directors, agents and employees whether the claims are known or unknown, which are based on arise from or relate to this Agreement the Store or the Franchised Location as well as claims known or unknown, which are not based on do not arise from or do not relate to this Agreement the Store or the Franchised Location but which relate to other franchise agreements, stores franchised locations, and other agreements between Franchisor or its affiliates and Franchisee which arose on or before the date of the general release, including, without limitation all obligations liabilities demands, costs, expenses, damages claims actions and causes of action, of whatever nature, character or description, arising under federal state and local laws, rules and ordinances

2 2 9 If Franchisor is not offering new franchises is in the process of revising amending or renewing Franchisor's form of Franchise Agreement or franchise offering circular or is not lawfully able to offer Franchisee Franchisor's then current form of Franchise Agreement at the time Franchisee exercises an option to extend the term of this Agreement, Franchisor may offer to renew Franchisee's existing Franchise Agreement upon the terms and conditions set forth in this Agreement for the extended tem of the franchise or may offer to extend the term of this Agreement on a week to week basis following the expiration of the term for as long as Franchisor deems necessary or appropriate so that Franchisor may lawfully offer Franchisee Franchisor s then current form of Franchise Agreement

2 3 **Continued Compliance** Franchisee s right to acquire to extend the term of this Agreement shall be subject to Franchisee s continued compliance with the terms and conditions of this Agreement as well as Franchisee's compliance with the conditions set forth in Section 2 2

2 4 **Termination at End of Term** If Franchisee does not elect to extend the term of this Agreement this Agreement shall terminate at the end of the term then in effect

3 DUTIES OF FRANCHISOR

3 1 **Franchised Location** Franchisor and Operating Company may assist Franchisee in identifying and selecting a site for the Franchised Location if a site has not been selected and approved as the Franchised Location as of the date of this Agreement Notwithstanding the assistance of Franchisee in identifying and selecting a site for the Franchised Location, the final decision regarding the selection and approval of a site and the terms for the acquisition of same shall be made solely by Operating Company and Franchisor

3 2 **Store Plans** Franchisor shall make available at no charge to Franchisee, the then current standard plans and specifications for a prototype Sweet Factory store, including exterior and interior design and layout fixtures furnishings and signs

3 3 **Supervision and Assistance** Franchisor shall provide such initial and continuing assistance to Franchisee as Franchisor deems advisable

3 4 **Training** Franchisor shall offer an initial training program to Franchisee and on (1) management employee of Franchisee as provided in Franchisor s current Initial Training Agreement and during the term of this Agreement shall make available other training programs for Franchisee to attend at Franchisee s expense as Franchisor deems necessary and appropriate

3 5 **Manuals** In order to protect the reputation and goodwill of Franchisor to maintain uniform standards of the products services and operations offered and sold under the Proprietary Marks and to promote the goodwill of all Sweet Factory Stores and the System Franchisor has created the Manual Franchisor

shall loan one copy of the Manual to Franchisee during the term of this Agreement Franchisor may, from time to time in its sole discretion revise the Manual to incorporate System changes Franchisee shall promptly implement any System change upon receipt of notice thereof from Franchisor, and shall complete their implementation within the time Franchisor may reasonably specify

3 6 **Inspection and Evaluation** Franchisor shall conduct, when and as frequently as it deems advisable inspections of the Store and evaluations of the Store's management and operations, in order to assist Franchisee and to maintain the System s standards of quality appearance, and service

3 7 **Supplies and Suppliers** Franchisor shall provide Franchisee with a list of its approved and designated suppliers of goods and services for the equipping and operation of the Store following the parties' execution of the Agreement and shall further provide Franchisee with updated lists of suppliers periodically during the term of this Agreement

3 8 **Consultation and Advisory Services** Franchisor may periodically consult with Franchisee from time to time concerning the operation of the Store Franchisor shall at reasonable times upon request and at no charge to Franchisee, furnish counseling and advisory services to Franchisee with respect to the planning opening and operation of the Store, including consultation and advice regarding operating problems and procedures new developments and improvements in the System, record keeping purchasing, marketing promotion and merchandising business forms and the interpretation of policy as set forth in the Manuals as the same may from time to time be amended and other directives of Franchisor The advice to be rendered pursuant to this Section 3 8 shall be general advice designed to assist Franchisee in the operation of the Store Franchisee acknowledges and agrees that Franchisor, by rendering consultation and advisory services, does not thereby guarantee the success or profitability of the Store

3 9 **Delegation of Obligations** Franchisee acknowledges and agrees that any duty or obligation imposed on Franchisor by this Agreement may be performed by any designee employee or agent of Franchisor as Franchisor may direct

3 10 **Franchisor's Rights In Fulfilling Obligations** In fulfilling its obligations to Franchisee pursuant to this Agreement and in conducting any activities or exercising any rights pursuant to this Agreement or on behalf of the System, Franchisor (and its affiliates) shall have the right

3 10 1 To take into account, as it sees fit, the effect on and the interests of other stores in which Franchisor has an interest and on Franchisor s (and its affiliates) own activities,

3 10 2 To share market and product research and other proprietary and non proprietary business information with other stores in which Franchisor has an interest, or with Franchisor's affiliates, and/or

3 10 3 To introduce proprietary and non proprietary products or operational equipment used by the System into other businesses in which Franchisor or its affiliates have an interest and to allocate new developments between and among these businesses, as Franchisor sees fit Franchisee understands and agrees that all obligations of Franchisor under this Agreement are subject to this Section 3 10 and that nothing in this Section 3 10 shall affect in any way Franchisee's obligations under this Agreement

3 11 **Responsibility of Franchisee** Notwithstanding the provisions of this Section 3 Franchisee shall be and remain responsible for the operation of the Store at all times and shall hold Franchisor, its affiliates and their respective directors officers, employees and agents, harmless therefrom Franchisee shall not look to Franchisor for performance or regular operational duties

4 **FEES**

4 1 **Initial Franchise Fee** Franchisee shall pay to Franchisor an initial franchise fee of $___ 000 payable upon execution of this Agreement The initial fee shall be deemed fully earned and non refundable when paid, in consideration of administrative and other expenses incurred by Franchisor in entering into this Agreement, and for Franchisor s lost or deferred opportunity to enter into this Agreement with others provided however, that if this Agreement is terminated by Franchisor as provided in Section 14 2 1 or Section 14 2 11, Franchisor shall refund $___ 000 of the initial franchise fee to Franchisee

4 1 1 Any refund due to Franchisee shall be paid within thirty (30) days after the date on which this Agreement is terminated Payment by Franchisor and acceptance by Franchisee of such refund shall constitute a release of any and all claims which each may have against the other (including the respective partners shareholders directors agents or employees thereof) arising out of or in connection with the performance or termination of this Agreement In this regard Franchisee shall execute a general release in a form prescribed by Franchisor of any and all claims which Franchisee may have or believes to have against Franchisor and/or its affiliates and their respective officers directors, agents and employees whether the claims are known or unknown which are based on, arise from or relate to this Agreement the Store or the Franchised Location which arose on or before the date of the general release, including without limitation all obligations, liabilities demands, costs, expenses damages, claims, actions and causes of action, of whatever nature, character or description arising under federal, state and local laws, rules and ordinances

4 1 2 Franchisor and Franchisee acknowledge and agree that the actual damages to be suffered by Franchisor and/or Operating Company in the circumstances described in Section 14 2 1 or Section 14 2 11 are difficult, if not impossible to determine, and that, under all the facts and circumstances this calculation of Franchisor's potential damages is a reasonable good-faith estimate of these damages

4 2 **Royalty Fee** Franchisee shall pay to Franchisor without deduction abatement or offset a continuing weekly royalty fee in an amount equal to five percent (5%) of the Gross Revenue of the Store **Gross Revenue** ' shall mean all revenue from the sale of all candy and confection products and services and all other income of every kind and nature related to the Store, and business interruption insurance, whether for cash or credit and regardless of collection in the case of credit, less any sales taxes or other taxes collected by Franchisee from its customers for transmittal to the appropriate taxing authority

4 3 **Advertising Fee** Franchisee shall make weekly expenditures and contributions for advertising and promotions as specified in Section 11 without deduction abatement or offset

4 4 **Time of Payments** All payments required by Sections 4 2 and 4 3 shall be paid on a weekly basis each Wednesday, calculated on the Gross Revenue for the preceding week For purposes of this Agreement the week s operating accounting, and billing period for Franchisee shall end each Sunday at the close of business All payments required by Sections 4 2 and 4 3 shall be accompanied by such reports or statements required under Section 10 5 Any report or payment not actually received by Franchisor on or before Wednesday shall be deemed overdue if not postmarked at least by one day prior thereto If any payment under this Agreement is overdue Franchisee shall pay to Franchisor, immediately upon demand in addition to the overdue amount interest on such amount from the date it was due until paid at the rate of eighteen percent (18%) per annum calculated weekly, or the maximum rate permitted by law whichever is less Entitlement to such interest shall be in addition to any other remedies Franchisor may have including, without limitation the right of set off to withdraw or retain from time to time and without notice to Franchisee any amounts due and unpaid by Franchisee from any accounts or amounts otherwise payable to Franchisee Franchisee shall not be

Entitled to set off any payments required to be made under this Section 4 against any monetary claim it may have against Franchisor

4 5 **Direct Debit Deductions and Processing of Credit Card Sales**

4 5 1 Franchisee hereby authorizes Franchisor to initiate debit entries and/or credit collection entries to Franchisee s designated primary business operating checking or savings account for the payment of royalty fees, advertising fees rent and rent related expenses, and all other sums that may become due to Franchisor or its affiliates, from Franchisee If Franchisor elects to utilize this method of payment of such obligations, Franchisee shall immediately execute such authorizations as Franchisor, its bank and Franchisee s bank shall require including, without limitation, the Authorization Agreement for Prearranged Payments (Direct Debits) in the form attached hereto as Attachment B and shall make funds available for withdrawal by Franchisor by electronic transfer on such dates of each month as Franchisor shall designate throughout the term of this Agreement

4 5 2 Franchisor, and its affiliates shall have the right during the term of this Agreement upon thirty (30) day prior notice to require Franchisee to process Franchisee's credit card sales transactions which occur at the Franchised Unit with Franchisor or its affiliates In such event Franchisee hereby authorizes Franchisor and its affiliates to credit any net amount due to Franchisee following the settlement of such credit card transactions against all royalty fees, marketing fees rent, rent related expenses, or other sums which are then due and owing to Franchisor or its affiliates, from Franchisee under the Franchise Agreement any Sublease in effect for the Franchised Unit or under any other agreement between Franchisor or its affiliates, and Franchisee for any period prior to the settlement of such credit card sales transactions Franchisor shall bill Franchisee for royalty fees, marketing fees rent rent related expenses, and other sums that may become due to Franchisor, or its affiliates, which exceed the net credits or will promptly remit to Franchisee any amounts in excess of such expenses which remain after the settlement of such credit card sales transactions Franchisee shall remit any amount due to Franchisor or its affiliates which exceed the net credits within ten (10) day after billing thereof Franchisee acknowledges and agrees that any default by Franchisee under this Section 4 5 2 shall constitute a default by Franchisee under this Agreement, any Sublease in effect for the Franchised Location and any other agreement between Franchisor or its affiliates, and Franchisee Franchisee shall defend indemnify and hold Franchisor and it affiliates harmless from and against all debts, liabilities claims demands and causes of action of any nature or description which in any way relate to or arise out of this processing of credit card sales transactions at the Franchised Unit

4 6 **Security Interest** In order to secure payment of all royalty fees, advertising fees, rent and rent related expenses and all other sums that may become due to Franchisor or its affiliates, from Franchisee and to secure performance by Franchisee of all obligations of any kind whenever and however incurred in favor of Franchisor or its affiliates

4 6 1 Franchisee hereby grants Franchisor a security interest in and to all leasehold improvements fixtures, furnishings and equipment, inventory and supplies located at or used in connection with the Store now or hereafter acquired by Franchisee together with all accounts payment intangibles, attachments accessories additions, substitutions and replacements, all cash and non cash proceeds derived from insurance or the disposition of such assets all rights of Franchisee to use the Proprietary Marks patents, copyrights and their registrations, trade secret information and other proprietary rights and all rights granted owned or licensed to Franchisee under this Agreement for the use of the Proprietary Marks trade names, trade styles, patents, copyrights trade secret information and other proprietary rights Franchisee hereby authorizes Franchisor to, prepare and file all Uniform Commercial Code financing statements and other documents necessary or desirable to evidence, perfect and continue the priority of this security interest under the Uniform Commercial Code

4 6 2 If Franchisee is and remains in good standing under this Agreement and all other agreements with Franchisor and its affiliates Franchisor will consent to Franchisee s grant of an additional security interest in the Store or in any of the assets of the Store if the conditions set forth in Section 13 4 are met

4 6 3 If Franchisee is in default of any of the terms and conditions of this Agreement or any other agreements between Franchisor and its affiliates and Franchisee, Franchisor may in its discretion exercise its rights with respect to its security interest In such event Franchisee shall be and remain liable for any deficiency remaining due to Franchisor and shall be entitled to recover any surplus which results after application of the proceeds derived from the enforcement of Franchisor's security interest

4 7 **Reimbursement of Monies Paid on Behalf of Franchisee** Franchisee shall pay to Franchisor, within fifteen (15) days of any written request by Franchisor which is accompanied by reasonable substantiating material any monies which Franchisor has paid, or has become obligated to pay on behalf of Franchisee by consent or otherwise under this Agreement

4 8 **Application of Fees** Notwithstanding any designation by Franchisee Franchisor shall have the sole discretion to apply any payments made by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, Advertising Fees rent and rent related expenses interest or any other indebtedness in amounts and in the order as Franchisor shall determine

4 9 **Gross-Up Fees** To insure that Franchisor receives a full five percent (5%) of Gross Revenue as a royalty fee and the full advertising fee to which Franchisor may be entitled as the amount thereof may vary from time to time Franchisee shall pay Franchisor upon demand whether in arrears, in advance, in a lump sum or in the same manner as royalty and advertising fees are paid to Franchisor the amount of all taxes paid by Franchisor to any governmental authority on revenue earned or collected by Franchisor based upon Franchisee s use of Franchisor s intellectual property or other intangibles or based upon the existence of this Agreement within the governmental authority s domain during each of Franchisor s fiscal years throughout the entire term of this Agreement

5 RENOVATION OR CONSTRUCTION OF THE FRANCHISED LOCATION

5 1 **Approval of Plans** Franchisee shall at its own expense submit final plans to Franchisor for approval within sixty (60) days of receiving site approval from Franchisor The plans shall be deemed disapproved unless they have been expressly approved in writing by Franchisor within thirty (30) days from the date that Franchisor receives the required plans Before commencing any renovation or construction Franchisee shall employ a licensed architect and engineer to prepare preliminary and final architectural and engineering drawings and specifications of the premises in accordance with Franchisor's standard architectural plans and specifications for a prototype Sweet Factory store Franchisee shall, at its own expense commence renovation or construction of the Franchised Location within thirty (30) days after approval by Franchisor of Franchisee s final plans Franchisee shall also provide Franchisor with a construction schedule for the renovation or construction of the Franchised Location which shall provide for the completion of renovation or construction of the Franchised Location and the opening of the Store for business within not more than six (6) months after the date Franchisee executes a Lease or Sublease for the Franchised Location Preliminary and final drawings and specifications, and the construction schedule shall be submitted to Franchisor and shall not thereafter be implemented changed, or modified without the prior written approval of Franchisor which approval shall be deemed to be granted unless Franchisor notifies Franchisee of required changes within thirty (30) days of Franchisor s receipt of such preliminary drawings, specifications, and schedule Franchisee also shall use a licensed general contractor for all construction renovations, modifications, or improvements Franchisee shall provide all information relating to such construction (including the costs of any renovations

Modifications or improvements) as Franchisor may reasonably request Notwithstanding the foregoing if Franchisor and Franchisee mutually agree to do so, Franchisor or a subsidiary or affiliate may oversee the initial construction and equipping of the Franchised Unit for and on behalf of Franchisee and at Franchisee s expense in consideration for the payment by Franchisee of a construction management fee equal to the greater of five percent (5%) of the total costs to construct the Store or $5,000

5 2 **Permits, Clearances, and ADA Compliance** Franchisee shall be responsible, at Franchisee s expense, for obtaining all permits and clearances including, but not limited to certificates of occupancy and all clearances and fire and health department approvals which may be required by federal state or local laws, ordinances or regulations Franchisee shall certify in writing to Franchisor that all classifications permits and clearances have been obtained Franchisee shall also take reasonable steps to insure the premises of the Store comply with all applicable requirements of the Americans with Disabilities Act

5 3 **Requirements During Construction** Franchisee shall provide written notice to Franchisor of the date construction commenced within seven (7) days after commencement and shall thereafter provide to Franchisor a monthly progress report signed by Franchisee its architect, and its general contractor warranting that construction is proceeding on schedule and in accordance with the approved final plans and with all applicable laws ordinances and regulations During the construction period, Franchisor and its agents shall have the right but not the obligation to inspect the site at all reasonable times Franchisee shall, at its expense complete construction and open the Store for business (including all exterior and interior carpentry, electrical, plumbing, heating ventilation air conditioning, painting, and finishing work, and installation of all furniture, fixtures, equipment, and signs) in accordance with the final plans and construction schedule approved by Franchisor, within six (6) months after Franchisee executes the Agreement (exclusive of time lost by reason of strikes, lockouts fire, and other casualties and acts of God) Franchisor shall not unreasonably withhold its consent to Franchisee s request for additional time to complete construction

5 4 **Approval for Store Opening** Franchisee shall notify Franchisor of the anticipated construction completion date and, within a reasonable time after construction is completed, Franchisor shall have the right, but not the obligation to conduct a final inspection of the Store Franchisee shall not open the Store without the express written authorization of Franchisor which authorization may be conditioned upon Franchisee s strict compliance with the specifications of the approved final plans and System standards and completion of the pre opening training required by Franchisor and Franchisee's compliance with staffing and other requirements set forth in the Manual and applicable to the operations of the Store Franchisee shall open the Store for business following the receipt of a certificate of occupancy and no more than ten (10) days after receipt of Franchisor's written authorization to open

5 5 **Insurance During Construction** Franchisee shall procure prior to the commencement of any construction or the renovation of the Store and shall maintain in full force and effect at all times during any construction or renovation at Franchisee s expense, an insurance policy or policies protecting Franchisee, Franchisor and its affiliates and their respective partners shareholders, directors agents and employees against any demand or claim with respect to personal or bodily injury, death or property damage or any loss, liability or expense whatsoever arising or occurring upon or in connection with the construction or renovation of the Store Such policy or policies shall be written by a responsible insurer or insurers acceptable to Franchisor, shall comply with the requirements prescribed by the Lease or Master Lease and Sublease and by Franchisor in writing at the time such policies are obtained (including those provisions of Section 12 of this Agreement specified by Franchisor), and shall include at a minimum, the coverages and amounts specified by Franchisor in the Manuel or otherwise in writing

6 TRAINING

6 1 **Pre-Opening Training** Prior to the opening of the Store, Franchisee (or if Franchisee is a corporation partnership or limited liability company a principal of Franchisee acceptable to Franchisor and who owns at least a ten percent (10%) equity interest in Franchisee) and at least one (1) management employee approved by Franchisor shall attend and complete to Franchisor s satisfaction Franchisor s initial training program (or segments thereof at Franchisor s discretion) for management personnel offered by Franchisor If the Store is the first Sweet Factory Store to be operated by Franchisee Franchisor shall provide training, instructors a training manual and other materials to Franchisee and one (1) person in accordance with the terms of Franchisor s Initial Training Agreement for an initial training fee of $5 000 Franchisee shall pay a fee of $3 000 for each additional attendee sent by Franchisee Except as stated in the preceding sentence, Franchisee shall be responsible for any and all other expenses incurred in connection with sending its management personnel to such training including, without limitation, the costs of transportation, lodging meals, and any wages Franchisor shall in its sole discretion select the time and location of the initial training program During the term of this Agreement, Franchisee shall always employ, on a full time basis in the operation of the Store, at lease one (1) management employee who has successfully completed the minimum level of training specified by Franchisor in the Manual or otherwise in writing All management personnel shall be dedicated exclusively to the Sweet Factory brand For the first and second Sweet Factory stores developed by Franchisee, for approximately two (2) days prior to the opening of each Store and for approximately two (2) days thereafter Franchisor shall provide Franchisee, at Franchisor s expense with the services of Franchisor s training personnel (up to a maximum of two (2) to facilitate proper operation of the Store during the opening period' and to assist in correcting any operational problems that may arise For the third and any subsequent Sweet Factory store developed by Franchisee, Franchisor shall not provide to Franchisee any of Franchisor s personnel to assist in connection with Franchisee s opening of such Store Franchisee shall be responsible for any and all expenses incurred by Franchisor's training personnel (including the costs of transportation moderately priced lodging and meals but not including wages) in connection with providing training or assistance during the opening of a Store

6 2 **Additional Training** Franchisee and Franchisee s management personnel and other employees also shall attend such additional courses seminars,, and other training programs as Franchisor may reasonably require from time to time Franchisee shall be responsible for all expenses incurred in connection with attending and sending employees to such training including without limitation the costs of transportation lodging, meals training programs and materials and any wages Franchisor shall in its sole discretion, select the time and location of all additional training

6 3 **Remedial Training** If Franchisor determines it to be necessary, Franchisor may provide Franchisee with remedial training or assistance subject to the availability of Franchisor's personnel Franchisee shall pay Franchisor any fee which may be charged by Franchisor to Franchisee and other franchisees to defray the direct costs of providing this remedial training In addition, Franchisee shall be responsible for any and all other expenses incurred in connection with sending Franchisee s employees to such remedial training including, without limitation the cost of transportation, lodging, meals, training materials and any wages Franchisor shall in Franchisor s sole discretion, select the time and location of all remedial training

7 DUTIES OF FRANCHISEE

7 1 **Importance of System Standards** Franchisee understands and acknowledges that every detail of the System and the Store is essential to Franchisee Franchisor and other System franchisees in order to (a) develop and maintain quality operating standards (b) increase the demand for the products and services sold by all franchisees operating under the System, and (c) protect Franchisor s reputation and goodwill Franchisee shall maintain Franchisor s high standards with respect to facilities services, products and operations

7 2 **Use of Franchised Location** Franchisee shall utilize the Franchised Location solely for the operation of the Store shall keep the Store open and in normal operation for minimum hours and days as Franchisor may specify in the Manual or otherwise in writing, and shall refrain from using or permitting the use of the premises for any other purpose or activity

7 3 **System Standards** To insure that the highest degree of quality and service is maintained Franchisee shall operate the Store in strict conformity with such methods, standards, and specifications as Franchisor may from time to time prescribe in the Manual or otherwise in writing Franchisee shall refrain from (a) deviating from such standards specifications, and procedures with Franchisor's prior written consent and (b) otherwise operating in any manner which reflects adversely on the Proprietary Marks or the System Without limiting the generality of the foregoing Franchisee agrees

7 3 1 To maintain in sufficient supply and use at all times only such products equipment materials signs and supplies as conform to Franchisor s standards and specifications, and shall refrain from using non conforming items

7 3 2 To sell or offer for sale only such products (which term shall include logoed merchandise) and services as meet Franchisor s uniform standards of quality as have been expressly approved for sale in writing by Franchisor, shall sell or offer for sale, all candy and confection products, and services required by Franchisor in the Manual or otherwise in writing as being part of the System, shall not deviate from Franchisor's methods standards, and specifications regarding without limitation quality and dimensions of products sold and shall discontinue selling and offering for sale any products or services which Franchisor may in its sole discretion disapprove in writing at any time

7 3 3 To purchase and install at Franchisee s expense all fixtures furnishings equipment decor signs and other items as Franchisor may reasonably direct from time to time in the Manual or otherwise in writing, and shall refrain from installing or permitting to be installed on or about the Franchised Location any fixtures furnishings equipment, decor, signs vending or game machines or other items not previously approved in writing as meeting Franchisor's standards and specifications

7 4 **Purchases of Products, Equipment, Supplies, and Materials**

7 4 1 Franchisee shall purchase all products equipment, supplies and materials used or sold by the Store (which include those which incorporate the Proprietary Marks or the Proprietary Products solely from suppliers (including Franchisor Operating Company and their affiliates and other manufacturers, wholesalers, and distributors) who demonstrate to Franchisor s continuing reasonable satisfaction the ability to meet Franchisor s reasonable standards and specifications for such items, who possess adequate quality controls and capacity to supply Franchisee s needs promptly and reliably and who have been approved by Franchisor in the Manual or otherwise in writing and thereafter disapproved Franchisee acknowledges and agrees that Franchisor Operating Company and/or their affiliates may negotiate purchase arrangements with suppliers for Franchisee s benefit and may derive revenue or obtain rebates bulk pricing discounts or allowances for their own account from approved or designated suppliers if rebates or other considerations become available because of Franchisee s purchases of products or services These rebates and/or allowances will generally be based upon a percentage of revenue derived from Sweet Factory franchisee purchases will be included in Franchisor s general revenue and may be used by Franchisor for a variety of purposes including ongoing programs education marketing, advertising seminars and conferences, the handling of inquiries and complaints from franchisee's customers and for general and administrative expenses Franchisor may use rebate and allowance funds received from Sweet Factory suppliers for any purpose in its sole and absolute discretion

7 4 2 If Franchisee desires to purchase products from other than approved suppliers, Franchisee shall submit to Franchisor a written request to approve the proposed supplier together with such evidence of conformity with Franchisor's specifications as Franchisor may reasonably require, or shall request the supplier itself to do so Franchisor shall have the right to inspect and evaluate the supplier's facilities and products to be supplied and Franchisee shall pay all of Franchisor s reasonable expenses incurred in do doing Franchisor may from time to time re inspect and re evaluate the facilities and products of any approved supplier and revoke its general approval or particular products or suppliers when Franchisor determines, in its sole discretion that such products or suppliers no longer meet Franchisor's standards Upon receipt of written notice of such revocation, Franchisee shall cease to sell any disapproved products and cease to purchase from any disapproved supplier

7 4 3 All goods, products and supplies purchased from Franchisor or its affiliates shall be purchased in accordance with the purchase order format issued from time to time by Franchisor Franchisor may change the prices delivery terms freight charges and other terms relating to its sale of goods services products and supplies to Franchisee on prior written notice, provided, that such prices shall be the same as the prices charged to similarly situated franchisees and which shall be reasonable based upon the costs associated with such goods and services Franchisor in its discretion may discontinue the sale of any goods or services at any time if in Franchisor s judgment its continued sale becomes unfeasible unprofitable or otherwise undesirable All product orders by Franchisee shall be subject to acceptance by Franchisor at Franchisor's designated offices and Franchisor reserves the right to accept or reject in whole or in part any order placed by Franchisee Franchisee shall be responsible for the payment of all costs and freight charges for goods and services (including, without limitation the opening inventory for the Store) purchased from Franchisor or its affiliates Franchisee shall submit to Franchisor upon written request financial statements which contain sufficient information to enable Franchisor to determine the credit limits, if any, to be extended to Franchisee Franchisor in its sole discretion, may establish the credit terms if any upon which it will accept Franchisee's orders any may require Franchisee to pay for orders on a cash-in advance or cash on delivery basis

7 4 4 Each order placed by Franchisee whether oral or written for any product shall be deemed to incorporate all of the terms and conditions of this Agreement, shall be deemed subordinate to this Agreement in any instance where any term or condition of such order conflicts with any term or condition of this Agreement, and shall include such information as Franchisor may from time to time specify, and shall be submitted on such form of purchase order as may be prescribed by Franchisor from time to time No purchase order submitted by Franchisee shall contain any terms except as approved in writing by Franchisor nor be deemed complete unless all of the information required by the prescribed purchase order form, as revised from time to time is provided by Franchisee No new or additional term or condition contained in any order placed by Franchisee shall be deemed valid effective or accepted by Franchisor unless such term or condition shall have been expressly accepted by Franchisor in writing Interest shall accrue on any unpaid purchase orders at the maximum interest rate permitted by applicable law

7 4 5 Franchisor shall not be liable to Franchisee on account of any delay or failure in the manufacture, delivery, or shipment of goods or products caused by Force Majeure or other events or circumstances beyond Franchisor's reasonable control including such events as labor or material shortages conditions or supply and demand, import/export restrictions or disruptions in Franchisor s supply sources

7 4 6 Franchisor may act as a supplier of goods services, products, and/or supplies purchased by Franchisee may designate itself as the sole supplier of any such goods or services On the expiration or termination of this Agreement or in the event of any default by Franchisee of this Agreement Franchisor shall not be obliged to fill or ship any orders then pending or, in the case of termination or non renewal made any time thereafter by Franchisee, and Franchisor may notify its approved suppliers of any impending termination or expiration of this Agreement and may among other things instruct such suppliers to

deliver only such quantity of Proprietary Products as is reasonably necessary to supply Franchisee's needs prior to the expiration or termination date of this Agreement

7 5 **Cooperation with Inspection** Franchisee shall permit Franchisor or its agents at any reasonable time, to remove from the Franchised Location representative samples of any ingredients products, materials supplies, and paper goods used in the operation of the Store without payment therefore, in amounts reasonably necessary for testing by Franchisor or an independent laboratory for the purposes of determining whether the samples meet Franchisor s then current standards and specifications In addition to any other remedies it may have under this Franchisee Agreement, Franchisor may require Franchisee to bear the cost of testing if the supplier has not been approved by Franchisor or if the sample fails to conform to Franchisor s specifications

7 6 **Maintenance of Franchised Location** Franchisee shall maintain the Franchised Location (including adjacent public areas) in a clean orderly condition and in excellent repair and in connection therewith Franchisee shall, at its expense, make such additions alterations, repairs and replacements thereto (but no others without Franchisor s prior written consent) as may be required for that purpose, including without limitation such periodic repainting repairing and replacing of obsolete or deteriorated signs furnishings fixtures, equipment and decor as Franchisor may reasonably direct by written notice to Franchisee Franchisee shall complete all work specified in any such notice within the time frame Franchisor may reasonable specify

7 7 **Re-Imaging of Franchised Location** Franchisee shall at its own expense make such alterations, additions or modifications to the Franchised Location as Franchisor may reasonably require to accommodate changes made by Franchisor to the System Franchisee shall have ninety (90) day from receipt of notice from Franchisor regarding re imaging requirements in which to make the required alterations additions or modifications to the Franchised Location

7 8 **Refurbishment of Franchised Location** At Franchisor s request but not more often than once every five (5) years, but not within three (3) years after the purchase of existing Sweet Factory store from the Operating Company (and in addition to any work which Franchisee may undertake pursuant to other sections of this Agreement), unless sooner required by the Lease or Master Lease and Sublease, Franchisee shall refurbish the Franchised Location at Franchisee s own expense to conform to the design trade dress color schemes and presentation of the Proprietary Marks in a manner consistent with the then current public image for new or remodeled SWEET FACTORY stores in the System including, without limitation, replacement or renovation or equipment, remodeling, redecoration, and modifications to existing improvements and reasonable structural changes that Franchisor may reasonably require or that may be required by law The cost to Franchisee for such refurbishment shall not exceed $10,000 $80 000 for refurbishment of the interior and exterior of the Store

7 9 **Franchisee Employee Policy** After the Store has opened to the public, Franchisee shall maintain a competent conscientious, and trained staff and shall take such steps as are necessary to ensure that its employees preserve good customer relations render competent prompt courteous and knowledgeable service and meet such minimum standards as Franchisor may establish from time to time in the Manual or otherwise in writing In the event Franchisee or its affiliates own and operate multiple Sweet Factory stores Franchisor may require in its sole discretion Franchisee to employ a general operations manager responsible for the oversight of operations at all Sweet Factory stores owned and operated by Franchisee or its affiliates Franchisee shall be solely responsible for all employment decisions and functions of the Store, including, without limitation those related to hiring, firing training, wage and hour requirements record keeping, supervision and discipline of employees, and regardless of whether Franchisee receives advice from Franchisor on these subjects

7 10 **Modification to the System** Franchisee shall not implement any modification to the System without the express prior written consent of Franchisor Franchisee shall notify Franchisor in writing of any proposed modification and shall provide to Franchisor such information as Franchisor requests regarding such modification Franchisor shall have the right to incorporate the modification into the System without compensation to Franchisee

7 11 **Compliance with Governmental Regulations** Franchisee shall meet and maintain the highest health standards and ratings applicable to the operation of the Store and shall timely obtain any and all permits, certificates, or licenses necessary for the lawful operation of the Store including, without limitation licenses to do business fictitious name registration sales tax permits certificates of occupancy health permits and fire clearances

7 12 **Lease, Master Lease or Sublease** Franchisee shall comply with all terms of its Lease with a Landlord, or its Sublease with Operating Company for the Franchised Location and with all other agreements affecting the operation of the Store and shall refrain from any activity which may jeopardize the rights of Operating Company or Franchisee to remain in possession of and/or to renew the Lease Master Lease, or Sublease for the Franchised Location If Franchisee will occupy the premises of a Store under a Lease with a Landlord, Franchisee shall prior to the execution of the Lease submit the Lease to Franchisor for Franchisor's prior written approval Franchisee shall furnish Franchisor with a copy of any executed Lease within fifteen (15) days after execution Franchisor s approval of the Lease, which shall not be deemed to be an endorsement of the legal or business terms of the Lease may be conditioned upon the inclusion of any one or more of the following terms and conditions

7 12 1 The initial term of the Lease or the initial term together with extension terms shall be for not less than ten (10) years

7 12 2 A provision consenting to Franchisee's use of such Proprietary Marks and signage as Franchisor may now or hereinafter prescribe for the Store

7 12 3 A provision which restricts the use of the leased premises solely to the operation of the Store

7 12 4 A provision which prohibits Franchisee from subleasing or assigning all or any part of its occupancy rights or extending the term of or renewing the Lease without Franchisor s prior written consent

7 12 5 A provision requiring that the Landlord provide to Franchisor copies of any and all notices of defaults given to Franchisee under the Lease,

7 12 6 A provision granting Franchisor the right to enter the Store to make modifications necessary to protect the Proprietary Marks or the System or to cure any default under this Agreement or under the Lease and

7 12 7 A provision granting Franchisor or Franchisor's designee the option exercisable within fifteen (15) days after receipt of any notice of default or termination from the Landlord, without the Landlord s further consent, to assume all of Franchisee's rights under the Lease, including the right to assign or sublease the Franchised Location and the right to exercise all outstanding renewal options in accordance with the provisions of the Lease

7 13 **Participation in Programs** Franchisee shall at times cooperate with Franchisor and other franchisees of Franchisor and shall actively participate in any and all sales, public relations, advertising, cooperative advertising and purchasing programs or promotional programs which may be developed and implemented by Franchisor which call for the cooperation of Franchisee and other franchisees of Franchisor and shall further cooperate in any additional programs which may be established and designated by Franchisor from time to time including participating in market research programs, the System, and shall purchase a reasonable quantity of new products for test marketing, promote the sale of the tested products and provide Franchisor with timely reports and test results of such programs for its review, analysis and compilation

7 14 **Test Marketing** Franchisor may, from time to time, authorize Franchisee to test market products and/or services in connection with the operation of the Store Franchisee shall cooperate with Franchisor in connection with the conduct of such test and shall comply with Franchisor's rules and regulations established form time to time in connection herewith

7 15 **Customer Reporting, Comment Cards, Coupons and Gift Certificates** At Franchisor s request Franchisee shall use reasonable efforts to secure the names, addresses and other information reasonably required by Franchisor, of Franchisee s customers at the Store and shall allow information to be used by Franchisor Franchisee may not divulge such customer names addresses or other information with or without remuneration to any third party Franchisee shall respond promptly to each customer inquiry or complaint and resolve all reasonable complaints to the customer s satisfaction Franchisee shall use and display in the Store during all operating hours customer comment cards in the manner specified in the Manuals Franchisee shall from time to time, purchase from Franchisor or a supplier, and maintain in the Store a supply of customer comment cards reasonably adequate to meet Franchisee s needs

7 16 **Improvements** If Franchisee develops any new concept, process or improvement in the System (an "**Improvement**) Franchisee shall promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation Any such Improvement shall become the sole property of Franchisor and Franchisor shall be the sole owner of all related intellectual property rights Franchisee hereby assigns to Franchisor any rights Franchisee may have or acquire in the Improvements, including the right to modify the Improvement, and Franchisee waives and/or releases all rights of restraint and moral rights therein and thereto Franchisee shall assist Franchisor in obtaining and enforcing the intellectual property rights to any such Improvement in any and all countries and further agrees to execute and provide Franchisor with all necessary documentation for obtaining and enforcing such rights Franchisee hereby irrevocably designates and appoints Franchisor as Franchisee s agent and attorney in fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of intellectual property right related to any Improvement If the foregoing provisions of this Section 7 16 are found to be invalid or otherwise unenforceable, Franchisee hereby grants Franchisor a worldwide perpetual, non exclusive, fully paid license to use and sublicense the use of the Improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe Franchisee s rights therein

7 17 **Co-Branding** Franchisee may not engage in any co-branding in or in connection with the Store except with Franchisor's prior written consent Franchisor shall not be required to approve any co branding chain or arrangement except in its discretion and only if Franchisor has recognized that co branding chain as an approved co brand for operation within Sweet Factory stores '**Co-Branding** includes the operation of an independent business, product line or operating system owned or licensed by another entity (not Franchisor) that is featured or incorporated within the Store or is adjacent to the Store and operated in a manner which is likely to cause the public to perceive it to be related to the Store licensed and franchised hereunder

7 18 **Authorization to Release Information** Franchisee hereby authorizes (and agrees to execute any other documents deemed necessary to effect such authorization) all banks financial institutions, businesses suppliers manufactures contractors vendors and other persons or entities with whom Franchisee does business to disclose to Franchisor and financial information in their possession relating to Franchisee or the Store which Franchisor may request Franchisee further authorizes I ranchisor to disclose to prospective franchisees or other third parties date from Franchisee's reports if Franchisor determines, in Franchisor s sole discretion that such disclosure is necessary or advisable

7 19 **Adequate Reserves and Working Capital** Franchisee shall at all times maintain adequate reserves and working capital sufficient for Franchisee to fulfill all of Franchisee s obligations under this Agreement and to cover the risks and contingencies of the franchised business for at least three (3) months

7 20 **Notification of Legal Proceedings and Crisis Management Events** Franchisee shall notify Franchisor in writing within ten (10) days after Franchisee receives actual notice of the commencement of any investigation, action suit, or other proceeding, or the issuance of any order writ injunction award or other decree of any court agency, or other governmental authority that pertains to the Store or that may adversely affect I ranchisee's operation of the Store or ability to meet its obligations hereunder Upon the occurrence of a **Crisis Management Event** (as defined below) Franchisee shall immediately inform Franchisor's President (or as otherwise instructed in the Manuals) by telephone Franchisee shall cooperate fully with Franchisor with respect to Franchisor s response to the Crisis Management Event **Crisis Management Event** ' means any event that occurs at or about the Store that has or may cause harm or injury customers or employees such as contagious diseases natural disasters, terrorist acts shootings, or any other circumstance which may damage the System, the Proprietary Marks, or image or reputation or Franchisor or its affiliates

8 PROPRIETARY MARKS

8 1 **Franchisor Representations Concerning Proprietary Marks** Franchisor represents with respect to the Proprietary Marks that

8 1 1 Franchisor has obtained from its affiliate title to the Proprietary Marks or a license to use, and to license other to use the Proprietary Marks,

8 1 2 All steps reasonably necessary to preserve and protect the validity of the Proprietary Marks and Franchisor s right to use and license others to use the Proprietary Marks will be taken and

8 1 3 Franchisor will use and permit Franchisee and other franchisees to use the Proprietary Marks only in accordance with the System and the standards and specifications attendant thereto which underlie the goodwill associated with and symbolized by the Proprietary Marks

8 2 **Franchisee Representations Concerning Proprietary Marks** Franchisee agrees that

8 2 1 Franchisee shall use only the Proprietary Marks designated by Franchisor, and shall use them only in the manner authorized and permitted by Franchisor,

8 2 2 Franchisee shall use the Proprietary Marks only for the operation of the Store, and only at the Franchised Location or in connection with Franchisor approved advertising for the Store at the Franchised Location

8 2 3 Unless otherwise authorized or required by Franchisor Franchisee shall operate and advertise the Store only under the name **Sweet Factory**" without prefix or suffix,

8 2 4 Franchisee shall identify itself as an independent franchisee owner of the Store in conjunction with any use of the Proprietary Marks or the operation of the Store, including, but not limited to, such use on invoices order forms, receipts, business stationery and contracts as well as at such conspicuous locations on the Franchised Location as Franchisor may designate in writing The form and content of such identification shall comply with standards set forth in the Manual,

8 2 5 Franchisee s right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement

8 2 6 Franchisee shall not use the Proprietary Marks to incur any obligation or indebtedness on behalf of Franchisor

8 2 7 Franchisee shall execute any documents deemed necessary by Franchisor or its affiliates to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability,

8 2 8 Franchisee shall not use the Proprietary Marks as part of its corporate or other legal name, and

8 2 9 Franchisee shall promptly notify Franchisor of any suspected unauthorized use of, or any challenge to the validity of the Proprietary Marks or any challenge to Franchisor s or Franchisor s affiliates ownership of Franchisor s license to use and to license others to use or Franchisee's right to use, the Proprietary Marks licensed under this Agreement Franchisee acknowledges that Franchisor or its affiliate has the right to direct and control any administrative proceed or litigation, or other adjudicative proceeding involving the Proprietary Marks including any settlement thereof Franchisor or its affiliate has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks Franchisor shall defend Franchisee against any third-party claim suit or demand arising out of Franchisee's use of the Proprietary Marks If Franchisor, in its sole discretion determines that Franchisee has used the Proprietary Marks in accordance with this Agreement the cost of such defense including the cost of any judgment or settlement, shall be borne by Franchisor If Franchisor, in its sole discretion, determines that Franchisee has not used the Proprietary Marks in accordance with this Agreement the cost of such defense including the cost of any judgment or settlement shall be borne by Franchisee In the event of any litigation relating to Franchisee s use of the Proprietary Marks, Franchisee shall execute any and all documents and do such acts as may in the opinion of Franchisor be necessary to carry out such defense or prosecution including but not limited to, becoming a nominal party to any legal action Except to the extent that such litigation is the result of Franchisee s use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse Franchisee for its out of pocket litigation costs in doing such acts

8 3 **Franchisee Acknowledgements Concerning Proprietary Marks** Franchisee expressly understands and acknowledges that

8 3 1 Franchisor or its affiliates is the owner of all right, title and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them and Franchisor has the right to use and license others to use the Proprietary Marks,

8 3 2 The Proprietary Marks are valid and serve to identify the System and those who are franchised under the System

8 3 3 During the term of this Agreement and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity of or Franchisor's or Franchisor s affiliates ownership of the

Proprietary Marks, nor take any other action which may tend to jeopardize Franchisor s or Franchisor's affiliate's interest therein or Franchisor's right to use and to license others to use, the Proprietary Marks

8 3 4 Franchisee's use of the Proprietary Marks pursuant to this Agreement does not give Franchisee any ownership interest or other interest in or to the Proprietary Marks other than the license granted by this Agreement,

8 3 5 Any and all goodwill arising from Franchisee s use of the Proprietary Marks shall inure solely and exclusively to the benefit of Franchisor or its affiliate and upon expiration or termination of this Agreement and the license herein granted no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use,

8 3 6 The right and license of the Proprietary Marks granted under this Agreement to Franchisee is nonexclusive and Franchisor and its affiliates have and retain the rights described in Section 1 1 and among others (a) to use the Proprietary Marks themselves in connection with selling products and services (b) to grant other license for the Proprietary Marks, in addition to those licenses already granted to existing franchisees and (c) to develop and establish other systems using the Proprietary Marks, similar proprietary marks or any other proprietary marks, and to grant licenses or franchises thereto without providing any rights therein to Franchisee and

8 3 7 Franchisor reserves the right to change revise or substitute different proprietary marks for use in identifying the System, the Store and products sold or offered for sale through the Store if the Proprietary Marks no longer can be used or if Franchisor, in its sole discretion, determines that substitution of different proprietary marks will be beneficial to the System In such circumstances, the use of the substituted proprietary marks shall be governed by the terms of this Agreement and Franchisor shall not compensate Franchisee for such substitution Franchisee shall bear the costs of modifying Franchisee's signs and advertising materials to conform to Franchisor's new proprietary marks If Franchisor's currently licensed Proprietary Marks can no longer be used Franchisee shall implement promptly any such substitution

8 3 8 Franchisor shall have the right at all reasonable times, at the Store and elsewhere to inspect the products and services on which the Proprietary Marks shall be used as Franchisor considers necessary to carry out the purposes of inspection as part of appropriate quality control Upon request Franchisee shall submit to Franchisor all packages labels advertising, displays advertising brochures and other materials used in connection with goods and/or services bearing the Proprietary Marks and Franchisee specifically undertakes to amend to the satisfaction of Franchisor any such package, labels advertising displays, advertising brochures and other materials which are not approved by Franchisor

8 4 **Changes in Law Affecting Proprietary Marks** In the event that the trademark law is amended so as to render inapplicable any of the provisions of this Agreement Franchisee shall execute any documents and do such acts and things as in the opinion of Franchisor may be necessary to affect the intent and purpose of the provisions of this Agreement provided, however that Franchisor shall bear all costs associated with such request

8 5 **Electronic Media** Except as expressly limited in this Agreement Franchisor (for itself, its affiliates and designees) retains all rights with respect to use of the Proprietary Marks and the System to sell any products or services similar to those which Franchisee sells, through any alternate channels of distribution This includes, but is not limited to retail locations and other channels of distribution such as television, mail order catalog sales, wholesale to unrelated retail outlets, over the Internet or through other forms of electronic media (including social technology social media and social networking platforms) Franchisor exclusively reserves the Internet and other forms of electronic media as channels of distribution for Franchisor and Franchisee may not

independently market on the Internet or through other forms of electronic media or conduct e commerce without Franchisor s prior written consent

9 CONFIDENTIAL MANUAL AND INFORMATION

9 1 **Use of Manual** Franchisee shall operate the Store in accordance with the standards, methods, policies and procedures specified in the Manual Franchisee shall treat the Manual, any other manuals created for or approved for use in the operation of the Store and the information contained therein as confidential, and shall maintain such information as secret and confidential Franchisee shall not at any time copy duplicate record or otherwise reproduce the foregoing materials in whole or in part, or otherwise make the same available to any unauthorized person The Manual shall at all times remain the sole property of Franchisor and shall be kept in a secure place on the Franchised Location Franchisee shall ensure that its copy of the Manual is kept current at all times and in the event of any dispute as to the contents of the Manual the terms of the master copy of the Manual maintained by Franchisor shall be controlling

9 2 **Confidentiality of Information** Franchisee shall not during the term of this Agreement or thereafter communicate divulge or use for the benefit of anyone else any confidential information, knowledge or know how concerning the methods of operation of the Store which may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation under the terms of this Agreement Franchisee shall divulge such confidential information only to such of its employees as must have access to it in order to perform their employment responsibilities Any and all matters, information, knowledge know how, techniques Proprietary Products, and other data which Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement

9 3 **Irreparable Injury from Disclosure of Confidential Information** Franchisee acknowledges that failure to comply with the requirements of this Section 9 will result in irreparable injury to Franchisor for which no adequate remedy at law may be available and Franchisee consents to the issuance of, and agrees to pay all court costs and reasonable attorneys fees incurred by Franchisor in obtaining, without the posting of any bond, an ex parte or other order for injunctive or other legal or equitable relief with respect to the requirements of this Section 9

9 4 **Confidentiality Covenants from Individuals Associated with Franchisee** Franchisee shall require any employee who may have access to any confidential information of Franchisor to execute covenants that they will maintain the confidentiality of information they receive in connection with their association with Franchisee Such covenants shall be in a form satisfactory to Franchisor including, without limitation specific identification of Franchisor as a third party beneficiary of such covenants with the independent right to enforce them

10 ACCOUNTING AND RECORDS

10 1 **Computer System** At Franchisor s request, Franchisee shall purchase or lease, and thereafter maintain in strict conformity with such standards and specifications as Franchisor may from time to time prescribe in the Manual or otherwise in writing, such computer hardware and software, required dedicated telephone and power lines, modem(s), printer(s) and other computer related accessories or peripheral equipment for the purpose of, among other functions, recording sales and other record keeping and central functions Franchisee's computer system must meet the following standards (a) nonresettable gross totals, (b) total line on guest check (c) ability to discount (d) specific tendering keys (e g , cash or credit card) (e) ability to produce weekly summary totals by sales type, including detail of adjustments and discounts, (f) ability to attach a back office system, and (g) ability to communicate with Franchisor s computer system or systems Franchisee shall provide such assistance as may be required to connect its computer system with a computer system used

by Franchisor or its affiliates Franchisor shall have the right from time to time and at any time to retrieve weekly Gross Revenue data and such other data and information from Franchisee's computer system as Franchisor in its sole and exclusive discretion, deems necessary or desirable In view of the contemplated interconnection or computer systems and the necessity that such systems be compatible with each other, Franchisee expressly agrees that it will strictly comply with Franchisor's standards and specifications for all item(s) associated with Franchisee s computer system and will otherwise operate its computer system in accordance with Franchisor s standards and specifications

10 2 **Maintenance of Computer System** To ensure full operational efficiency and optimum communication capability between and among computer systems installed by Franchisee Franchisor and other franchisees, Franchisee agrees at its expense to keep its computer system in good maintenance and repair, and, at its expense, and following Franchisor's determination that same will prove economically or other wise beneficial to all System franchisees to promptly install such additions changes, modifications, substitutions and/or replacements to Franchisee's computer hardware software, telephone and power lines and other computer related facilities as Franchisor directs

10 3 **Maintenance of Records** Franchisee shall prepare during the term of this Agreement and shall preserve for at least five (5) years from the dates of their preparation complete and accurate books records, and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manual or otherwise in writing

10 4 **Submission of Financial Statements and Tax Returns** Franchisee shall, at its expense, provide Franchisor with a copy of Franchisee s financial statements showing the results of operations of the Store for each fiscal year during the term of the Agreement The statements shall include a statement of income, balance sheet, and a statement of cash flows accompanied by a review report, prepared by an independent certified public accountant satisfactory to Franchisor using generally accepted accounting principles, and shall be furnished within ninety days after the end of each fiscal year of Franchisee Franchisee also shall submit within five (5) days of their filing its federal and state tax returns for each year during the term of this Agreement provided, however, that if Franchisee is not a corporation partnership or limited liability company Franchisee may at its option submit only those schedules to its personal tax filings which reflect the revenues and expenses of the Store

10 5 **Submission of Performance Reports** Franchisee shall at its expense, provide Franchisor with a weekly statement, on forms prescribed by Franchisor, accurately reporting all revenue and expense activity during the preceding week and such other data and information regarding operation of the Store as Franchisor may require The statement shall be due and remitted to Franchisor in connection with Franchisee s payment of royalty and advertising fees in accordance with Sections 4 2, 4 3, and 4 4 Each statement shall be signed by Franchisee attesting that it is true and correct Franchisee also shall provide to Franchisor, for review or auditing such other forms, sales reports, cash register receipts, records, information and data as Franchisor may reasonably designate on the forms and in the manner as are reasonably designated by Franchisor For purpose of reporting under the terms of this Agreement the operating, accounting and billing periods for Franchisee shall be thirteen (13) four (4) week periods

10 6 Audit of Franchisee Records Franchisor or its designated agents shall have the right at all reasonable times to examine and copy at Franchisor's expense the books records accounts, and business tax returns of Franchisee Franchisor shall also have the right at any time, to have an independent audit made of the books and records of Franchisee If an inspection or audit reveals that any payments due to Franchisor have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of eighteen percent (18%) per annum calculated monthly or the maximum rate permitted by law whichever is

less If an inspection or audit discloses an understatement in any report of three percent (3%) or more Franchisee shall, in addition to repayment of monies owed with interest, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation travel lodging, and wages expenses, and reasonable accounting and legal costs) The foregoing remedies shall be in addition to any other remedies Franchisor may have because of such under reporting

10 7 **Use of Financial Statements In Disclosure Document** Franchisee hereby irrevocably consents to Franchisor s use of information contained in its financial statements, at Franchisor s election in Franchisor s Franchise disclosure document for the offer and sale of franchises

11 ADVERTISING

Recognizing the value of advertising and promotion and the importance of the standardization of advertising and promotional programs to the furtherance of the goodwill and public image of the Stores and the System, the parties agree as follows

11 1 **Contribution** In accordance with Section 11 8 Franchisee shall not be obligated to make any contribution to the System wide fund described in Section 11 2 (the **Fund**) as of the date of this Agreement, however Franchisor shall have the right upon thirty (30) days prior notice, to require Franchisee to pay, and Franchisee shall thereafter pay to Franchisor without deduction abatement or offset a continuing weekly advertising fee which shall be calculated as a percentage of Franchisee's Gross Revenue, provided, however that such amount shall not exceed two percent (2%) nor be less than one percent (1%) of Franchisee s Gross Revenue for the preceding week as established by Franchisor from time to time Franchisor in its sole discretion shall allocate such amount among contributions to Fund described in Section 11 2 and expenditures on local advertising, and may, in its sole discretion from time to time and at any time modify both the amount and allocation of each Franchisee s contribution among the Fund and local advertising Each Sweet Factory store owned by Franchisor or Operating Company shall spend on advertising, to promote the System each week, an amount which is calculated on the same basis as contributions and expenditures of similarly situated franchisees

11 2 **The Fund** Franchisor shall have the right in its sole discretion but not the obligation to establish maintain, and administer the Fund The following provisions shall apply to the Fund

11 2 1 The Fund all contributions thereto and any earnings thereon, shall be used exclusively to meet any and all costs of maintaining administering directing conducting and developing the preparation of advertising marketing public relations and/or promotional programs and materials and any other activities which the **Administrator** ' (as defined in Section 11 2 2) believes will enhance the image of the System, including among other things the costs of preparing and conducting media advertising campaigns in various media preparation of direct mail advertising, market research, employing advertising and/or public relations agencies to assist therein purchasing promotional items conducting and administering in store promotions providing promotional and other marketing materials and services to the businesses operating under the System such as, but not limited to, coupons merchandising materials sales aids and point of purchase materials and providing menus and menu inserts

11 2 2 The Fund shall be maintained and administered by an administrator (the **Administrator** ') selected by Franchisor Franchisor may select itself an affiliate or a third party as Administrator Franchisor may change the Administrator in its sole discretion, from time to time and at any time The activities of the Fund may be coordinated with the advertising and promotional programs for Sweet Factory stores owned by Franchisor or an affiliate of Franchisor

11 2 3 The Administrator shall direct all advertising and promotional programs with sole discretion over the creative concepts materials, and media used in such programs, and the placement and allocation thereof Franchisee agrees and acknowledges that the Fund is intended to maximize general public recognition and acceptance of the Proprietary Marks for the benefit, of the System, and that the Administrator is not obligated in administering the Fund to make expenditures for Franchisee which are equivalent or proportionate to Franchisee s contribution or to ensure that any particular franchisee benefits directly or pro rata from the advertising or promotion conducted under the Fund

11 2 4 All payments shall be made by Franchisee by separate check payable to the Fund All sums paid to the Fund shall be maintained in an account separate from the other monies of Franchisor and shall not be used to defray any expenses of Franchisor or the Administrator except for such reasonable costs and overhead if any, as each may incur in activities reasonably related to the administration or direction of the Fund and advertising programs including, among other things, cost of personnel for creating and implementing advertising, promotional, and marketing programs The Fund and any earnings thereon shall not otherwise inure to the benefit of Franchisor or the Administrator Franchisor shall maintain separate bookkeeping accounts for the Fund Any unused monies in the I und at the end of a year may be used in the next year

11 2 5 A statement of the operations of the Fund as shown on the books of the Fund shall be prepared annually by the Administrator and furnished to Franchisee upon Franchisee's request

11 2 6 Franchisor (or its Affiliate) may collect rebates and credits from suppliers based on purchases or sales by Franchisee and, at Franchisor's discretion, may either refund such amounts to Franchisee contribute such amounts to the Fund retain such amounts for Franchisor s or such Affiliate s use in promoting the Proprietary Marks or as provided in Section 7 4, use the same for a variety of other purposes, including ongoing programs, education marketing advertising seminars and conferences the handling of inquiries and complaints from franchisees' customers and for general and administrative expenses, in Franchisor s discretion, notwithstanding any designation by the supplier or otherwise Any such contribution of such rebates or credits to the Fund shall not reduce Franchisee s obligation to pay the advertising fee

11 3 **Local Advertising** All local advertising and promotion by Franchisee shall be in such media and of such type and format as Franchisor may approve shall be conducted in a dignified manner and shall conform to such standards and requirements as set forth in the Manual or otherwise in writing Franchisee shall not use any advertising or promotional plans or materials unless and until Franchisee has received written approval from Franchisor, pursuant to the procedures and terms set forth in Section 11 4 Approval if granted shall remain in effect until notice from Franchisor to discontinue further use Franchisee shall administer Franchisee's local store marketing funds Within thirty (30) days after the end of each calendar year, Franchisee shall provide I ranchisor with copies of all invoices statements, canceled checks or other forms of payment which Franchisee has issued during the preceding calendar year which evidence Franchisee s expenditure and payment for pre approved local advertising programs Franchisor shall review the evidence of these expenditures and if Franchisee not spent the amount required for local advertising purposes, the difference between the amount required to be spent by Franchisee for local advertising purposes during the preceding calendar year and the amount actually spent by Franchisee for local advertising purposes during the preceding calendar year must be paid to the I und within thirty (30) days

11 4 **Approval of Franchisee Advertising Materials** Franchisee shall submit samples of all advertising and promotional plans and materials to Franchisor (through the mail return receipt requested) prior to their use and may commence use of such plans or materials fifteen (15) days after Franchisor's receipt, unless prior thereto Franchisor shall have furnished notice in writing, to Franchisee prohibiting such use Franchisor also shall have the right at any time after Franchisee commences use of such material to prohibit further use effective upon receipt of written notice by Franchisee

11 5 **Opening Advertising** Immediately preceding and following the opening of the Store Franchisee shall conduct at Franchisor's option an initial local advertising and promotion program in the form and manner prepared by Franchisee and approved by Franchisor in writing Franchisee shall not be obligated to spend in excess of $2 000 for such initial advertising and promotion Franchisee shall furnish to Franchisor within sixty (60) days after the opening of the Store such evidence as Franchisor may reasonably require to verify such approved expenditure

11 6 **Special Reimbursement Programs** If Franchisee has paid Franchisor, and its affiliates, all royalty fees advertising fees rents and other payments due and owing to Franchisor and its affiliates and is current with Franchisor and its affiliates, in all respects, Franchisor shall have the right, in its sole and absolute discretion, from time to time to grant Franchisee the right to receive reimbursement from the Fund for Franchisee's actual paid expenditures for local store marketing programs which have been pre approved by Franchisor in the manner provided for in Section 11 4, and utilized by Franchisee for the benefit of the Store, up to a maximum amount to be established by Franchisor until the special local store marketing reimbursement program is terminated by Franchisor

11 6 1 Within thirty (30) days after the end of each calendar year following the institution of any such special local store marketing reimbursement program, Franchisee shall provide Franchisor with copies of all invoices statements, canceled checks or other forms of payment which have been issued by Franchisee during the preceding calendar year which evidence the expenditure and payment by Franchisee for such pre approved local store marketing programs utilized by Franchisee for the benefit of the Store Franchisor shall review the evidence of these expenditures and if the same are satisfactory shall cause the Fund to reimburse Franchise, within sixty (60) days thereafter, for such expenditures up to a maximum percentage of the advertising fee paid by Franchisee to the Fund during the preceding calendar year, as established by Franchisor, in its sole and absolute discretion

11 6 2 During the period of time that any such special local store marketing reimbursement program is in effect the balance of the Fund not allocated to the local store marketing program provided for in this Section 11 6 will be utilized by Franchisor for the development of institutional advertising and promotion programs If Franchisee is entitled to reimbursement from the Fund for pre-approved local store marketing programs utilized by Franchisee for the benefit of the Store during the preceding calendar year and fails to make application for reimbursement of the same with Franchisor within sixty (60) days after the end of each calendar year following the institution of any such special local store marketing reimbursement program Franchisor may, upon giving Franchisee thirty (30) days prior written notice, disburse the full amount of Franchisee's potential local store advertising reimbursement to the Fund Upon such disbursement, Franchisee shall no longer have any right to reimbursement for advertising expenditures for the subject calendar year

11 6 3 Any special local store marketing reimbursement program established by Franchisor pursuant to this Section 11 6 may be terminated by Franchisor at any time in its sole and absolute discretion upon ninety (90) days notice to Franchisee

11 8 **Telephone Listings** Franchisee shall at its expense, and in accordance with any standards established in the Manual, obtain boldface listings in the white and yellow pages of the principal telephone directory serving the Store

11 9 **Amount and Allocation of Contributions** As of the date of this Agreement, Franchisee shall not be required to make any contribution to the Fund However, Franchisor may in its sole discretion form time to time and at any time, require Franchisee to make contributions to the Fund in accordance with Section 11 1

and may in its sole discretion, from time to time and at any time modify both the amount and allocation of each Franchisee s contribution among the Fund and local advertising in accordance with Section 11 1

12 INSURANCE

12 1 **Franchisee's Insurance Obligations** Franchisee shall obtain prior to commencement of business at the Store and shall maintain in full force and effect during the term of this Agreement at Franchisee s expense an insurance policy or policies protecting Franchisee and Franchisor Operating Company the Master Landlord and their affiliates, and their respective partners, shareholders, directors, agents, and employees, against any demand or claim with respect to personal and bodily injury death or property damage, or any loss liability or expense whatsoever arising or occurring upon or in connection with the operation of the Store in such types and amounts as specified in the Confidential Operations Manual Such policy or policies shall (a) be written by insurer(s) licensed and admitted to write coverage in the state in which the Store is located and with a rating of A ' or better as set forth in the most recent edition of Best s Key Rating Guide (b) name Franchisor Operating Company the Master Landlord and their partners shareholders directors, agents and employees as additional insureds and (c) comply with the requirements prescribed by the Lease or the Master Lease and Sublease and by Franchisor in writing at the time such policies are obtained and provide at least the types and minimum amounts of coverage specified below or as revised by the Manual Such policies shall include, at the minimum, the following policies

12 1 1 '**All risk**' property insurance, including business interruption insurance, customarily obtained by similar businesses in the Store s principal trade area

12 1 2 Comprehensive general liability insurance including products and contractual in an amount of not less than $2,000 000 combined single limit (CSL),

12 1 3 Workers compensation insurance for statutory limits and employer s liability insurance in an amount not less than $1,000,000

12 2 **Waiver of Subrogation** In connection with any and all insurance required to be maintained by Franchisee under Section 12 1, Franchisee and Franchisee's insurers shall agree to waive their rights of subrogation against Franchisor and Franchisee shall provide evidence of such waiver in accordance with Section 12 5

12 3 **Franchisee s Insurance Obligation Not Affected By Franchisor's Insurance** Franchisee's obligation to obtain and maintain insurance shall not be limited in any way by reason of any insurance which may be maintained by Franchisor nor shall Franchisee s performance of the obligation relieve it of liability under the indemnity provisions set forth in Section 19 4

12 4 **Additional Required Endorsement** All public liability and property damage policies shall contain a provision that Franchisor, Operating Company the Master Landlord and their affiliates, although named as an additional insureds, shall nevertheless be entitled to recover under such policies on any loss occasioned to Franchisor, Operating Company, the Master Landlord or their affiliates, partners, shareholders, directors agents, or employees by reason of the negligence of Franchisee or its partners shareholders, directors, agents, or employees

12 5 **Certificate of Insurance** At least ten (10) days prior to the time any insurance is first required to be carried by Franchisee, and thereafter at least thirty (30) day prior to the expiration of any policy Franchisee shall deliver to Franchisor Operating Company and the Master Landlord Certificates of Insurance evidencing the proper types and minimum amounts of required coverage All Certificates shall expressly

provide that no less than thirty (30) days prior written notice shall be given to Franchisor Operating Company and the Master Landlord in the event of material alteration to or cancellation or non renewal of the coverages evidenced by such Certificates Certificates evidencing the insurance required by this Section 12 shall name Franchisor, Operating Company and the Master Landlord and each of their affiliates partners, shareholders directors, agents, and employees as additional insureds on the additional insured Grantor of Franchise From CG2029 or an insurer s comparable form and shall expressly provide that any interest of each shall not be affected by any breach by Franchisee of any policy provisions for which such Certificates evidence coverage

12 6 **Right to Secure Insurance on Behalf of Franchisee** Should Franchisee for any reason fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by Franchisor in the Manual or otherwise in writing Franchisor and/or Operating Company shall have the right and authority (but not the obligation) to immediately procure such insurance and to charge the same to Franchisee which charges together with the expenses of Franchisor and/or Operating Company in so acting, shall be payable by Franchisee immediately upon notice The foregoing remedies shall be in addition to any other remedies Franchisor and Operating Company may have

13 TRANSFER OF INTEREST

13 1 **Transfer by Franchisor** Franchisor shall have the right to transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity With respect to any assignment which results in the subsequent performance by the assignee of all of Franchisor s obligations under this Agreement, the assignee shall expressly assume and agree to perform such obligations and shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment Upon such assignment and assumption, Franchisor shall be under no further obligation hereunder, except for accrued liabilities if any In addition and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor and or its affiliates may sell their assets, the Proprietary Marks or the System, may sell securities in a public offering or in a private placement, may merge, acquire other corporations, or be acquired by another corporation and may undertake a refinancing recapitalization, leverage buy out or other economic or financial restructuring With regard to any of the above sales, assignments and dispositions Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of Franchisor's name Proprietary Marks (or any variation thereof) and System and/or the loss of association with or identification of Sweet Candy Franchise, LLC as Franchisor under this Agreement Franchisee specifically waives any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing Franchisee agrees that Franchisor has the right now or in the future, to purchase, merge acquire or affiliate with an existing competitive or non competitive franchise network chain or any other business regardless of the location of that chain's or business facilities, and to operate franchise or license those businesses and/or facilities as Sweet Factory Stores operating under the Proprietary Marks or any other marks following Franchisor s purchase, merger acquisition or affiliation regardless of the location of these facilities (which Franchisee acknowledges may be proximate to the Store)

13 2 **Transfer by Franchisee** Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted this franchise in reliance on Franchisee's (or if Franchisee is a corporation partnership, or limited liability company, its principals) business skill, financial capacity, and personal character Accordingly neither Franchisee nor any immediate or remote successor to any part of Franchisee's interest in this Agreement, nor any individual partnership, corporation or other legal entity which directly or indirectly owns any interest in Franchisee shall sell, encumber, assign, transfer, convey pledge merge or give away any direct or indirect interest in this Agreement, in Franchisee or in all or substantially all of the assets of the Store or any other Sweet Factory Store

owned by Franchisee, whether individually or collectively, in whole or in part voluntarily or involuntarily, or any transfer of 49% or more of the capital stock, members interests, partnership rights or other equity ownership interests of Franchisee without the prior written consent of Franchisor Any change in the control of Franchisee shall be deemed a transfer for purposes of this Agreement Any purported assignment or transfer not having the written consent of Franchisor required by this Section 13 2 shall be null and void and shall constitute a material breach of this Agreement for which Franchisor may immediately terminate without opportunity to cure pursuant to Section 14 2 4

13 3 **Requirements for Transfer by Franchisee** Franchisor may in its sole discretion, require any or all of the following as conditions of its consent to a transfer set forth in Section 13 2

13 3 1 Franchisee shall not be in default of any provision of this Agreement any amendment of this Agreement or successor hereto, or any other agreement between Franchisee and Franchisor or its affiliates,

13 3 2 The transferor (and if the transferor is other than an individual, the transferor and such other owners of a beneficial interest in the transferor as Franchisor may request) shall execute a general release, in a form prescribed by Franchisor, of any and all claims which the transferor may have or believes to have against Franchisor and/or its affiliates and their respective officers, directors agents and employees whether the claims are known or unknown which are based on arise from or relate to this Agreement the Store or the Franchised Location as well as claims known or unknown which are not based on do not arise from or do not relate to this Agreement, the Store or the Franchised Location but which relate to other franchise agreement stores, franchised locations and other agreements between Franchisor or its affiliates and Franchisee which arose on or before the date of the general release, including, without limitation all obligations liabilities demands costs, expenses, damages, claims actions and causes of action of whatever nature character or description, arising under federal state and local laws rules and ordinances

13 3 3 The transferee (or, if the transferee is other than an individual a principal of the transferee approved by Franchisor) shall demonstrate to Franchisor s satisfaction that the terms of the proposed assignment do not place an unreasonable financial burden on the transferee and Franchisee understands and acknowledges that Franchisor shall be entitled in connection with assignee the financial burden placed upon any prospective assignee to share with such prospective assignee information relating to the Store including information in Franchisor s possession relating to operations and sales at the Store

13 3 4 The transferee (or if the transferee is other than an individual, a principal or the transferee, approved by Franchisor) shall demonstrate to Franchisor's satisfaction that the terms of the proposed assignment do not place an unreasonable operational burden on the transferee and that the transferee meets Franchisor s standards for (a) work experience and aptitude, (b) character and reputation (c) absence of conflicting interests and (d) such other criteria and conditions as Franchisor shall then consider relevant in the case of an application for a new franchise by an applicant not currently operating a Store,

13 3 5 At Franchisor s request the transferee (and, if the transferee is other than an individual such principals of the transferee as Franchisor may request) shall execute, for a term ending on the expiration date of this Agreement the current standard form Franchise Agreement (and individual guarantees) then being offered to new System franchisees, which Franchise Agreement shall supersede this Agreement in all respects and the terms of which Franchise Agreement may differ materially from the terms of this Agreement and may be less favorable to the transferee provided however that the transferee shall not be required to pay an initial franchisee fee

13 3 6 The transferee shall successfully complete at its expense, the required initial training as described in Section 6 1, including payment of the then current training fee charged by Franchisor in those circumstances where Franchisee is required to pay a fee for attendees at the initial training programs

13 3 7 The transferee and each partner shareholder or member of the transferee as the case may be must be a United States citizen or lawful resident alien or the United States and must have sufficient literacy and fluency in the English language sufficient in Franchisor s opinion to communicate with employees, customers and suppliers of Franchisor and to satisfactorily complete Franchisor s required training program and such other tests and interviews as Franchisor shall reasonably deem to be necessary or desirable Franchisee shall provide Franchisor with such information as Franchisor may require to make a determination concerning such proposed transfer

13 3 8 Except in the case of a transfer to a corporation formed for the convenience of ownership, where the ownership of such corporation is in the same proportion as the ownership of Franchisee before such transfer a transfer fee of $5 000 and a training fee of $5 000 for the initial training program for the transferee plus Franchisor's out of pocket costs associated with the transfer, including costs of attorney s fees associated with the transfer shall be paid by Franchisee to Franchisor If Franchisee desires to conduct business in a corporate capacity Franchisor will consent to the assignment of this Agreement to a corporation, provided that (i) the corporation shall be and shall remain a closely held corporation (ii) the stock certifies issued by the corporation shall contain a restriction on transfer referencing this Franchise Agreement, in a form required by Franchisor, (iii) the ownership of the assignee corporation shall be in the same proportion as the ownership of Franchisee before the transfer and (iv) non of the shares of stock in the assignee corporation shall be held by a business competitor of Franchisor Franchisee shall pay an administrative fee of $500 per transfer for each transfer to a corporation partnership or limited liability company where such transfer is for the convenience of ownership only At the time of request for a transfer for the convenience of ownership Franchisee shall submit the following documents to Franchisor and Franchisor shall review and approve such documents within thirty (30) days thereafter

a) For an assignment to a closely held corporation, Franchisee shall provide to Franchisor a (i) file stamped copy of the Articles of Incorporation and By laws of the proposed assignee corporation (ii) a sample stock certificate (iii) a Certificate of Good Standing in the state in which the corporation is authorized to do business and the state in which the corporation will conduct the store business pursuant to this Franchisee Agreement, (iv) a list of officers and their percentage ownership of the stock of the corporation, and (v) a list of directors of the corporation

b) For an assignment to a partnership Franchisee shall provide to Franchisor a (i) file stamped copy of the Certificate of Limited Partnership (if applicable) or the Statement of Partnership and (ii) a copy of the fully executed Partnership Agreement, containing an exhibit showing the percentage of ownership in the partnership by all partners

c) For an assignment to a limited liability company Franchisee shall provide to Franchisor a (i) Certificate of Formation of Limited Liability Company and (ii) a fully executed copy of the Operating Agreement containing an exhibit showing the percentage of ownership of all members in the limited liability company

13 3 9 Franchisee shall remain liable for all of its obligations to Franchisor and its affiliates which arose prior to the effective date of the transfer, and shall execute any documents reasonably requested by Franchisor to evidence such liability

13 3 10 As part of the transfer Franchisee shall assign all of its right, title and interest in and to the Lease to the transferee, with the written consent of the Landlord and all other parties whose consent is required

13 3 11 Franchisee shall have paid all amounts due to Franchisor

13 3 12 The transferee at its expense shall refurbish the Store in the manner described in Section 7 8 irrespective of the five (5) year time frame described therein, to conform to Franchisor's then current standards and specifications and complete the refurbishing and other requirements within the time specified by Franchisor

13 3 13 Franchisee and the transferee/assignee shall use an independent third party escrow company in connection with their purchase and sale transaction

13 3 14 Franchisee shall remain liable to Franchisor for all obligations of the transferee which arise as a result of acts events or omissions which occur following the effective date of the transfer Franchisor's consent to any transfer shall not constitute a waiver or release of any claims Franchisor may have against Franchisee as of the date of the assignment

13 4 **Granting of a Security Interest by Franchisee** Franchisee shall not grant security interest in the Store or in any of the assets of the Store without first obtaining the prior written consent of Franchisor Franchisor s consent or refusal to consent may be based upon whatever factors Franchisor, in its sole discretion deems economically and commercially reasonable in protecting Franchisor's interests and security interest under this Agreement and the relationship created under this Agreement Under any circumstances however, Franchisor shall not consent to any such granting of a security interest unless all of the following conditions are met

13 4 1 Such security is granted only for the purpose of securing a loan in favor of Franchisee, which loan shall only be for the benefit of the Store,

13 4 2 In the event of any default by Franchisee under any documents in any way relating to the security interest or the loan to which it relates Franchisor shall have the right at its sole option (but not the obligation) to cure any such default and/or to be substituted as obligor to the lender whose interests are secured by such security interest

13 4 3 In the event of any such default and if Franchisor chooses to be substituted as obligor, Franchisor shall be so substituted in all respects on the same terms and conditions to which Franchisee was subject, except that any acceleration of the obligations secured, due to Franchisee s default shall be void upon cure by Franchisor and

13 4 4 The sales price of the interest to be conveyed must not be so high or the terms of the sale so onerous that in the judgment of Franchisor the transferee will be unlikely to properly maintain operate and promote the Store and meet the transferee s financial and other obligations to Franchisor third party suppliers and creditors This provision shall not create any liability to either transferor or transferee on the part of Franchisor, in the event that Franchisor approves the transfer and the transferee experiences financial difficulties

13 4 5 Such other conditions and terms as Franchisor shall deem necessary and/or prudent to protect its interests under this Agreement

13 5 **Right of First Refusal** If any party holding any direct or indirect interest in this Agreement in Franchisee or in all or substantially all of the assets of the Store desires to accept any bona fide offer from a third party to purchase such interest, Franchisee shall notify Franchisor of such offer at least (30) days before such transfer is proposed to take place and shall provide such information and documentation relating to the offer as Franchisor may require Franchisor shall have the right and option exercisable within thirty (30) days after receipt of such written notification and any background materials concerning the proposed transfer that Franchisor shall reasonably request to send written notice to the seller that Franchisor intends to purchase the seller s interest on the same terms and conditions offered by the third party If Franchisor elects to purchase the seller s interest the closing on such purchase shall occur within thirty (30) days from the date of notice to the seller of the election to purchase by Franchisor If Franchisor declines to purchase the seller s interest, Franchisee shall have ninety (90) days from the earlier of (a) receipt of a notice from Franchisor declining to exercise its right of first refusal, or (b) thirty (30) days after Franchisor s receipt of the transferor's written notification of the purposed transfer, to close on the transfer of such interest subject to Franchisor's approval pursuant to Section 13 3 Failure to effect a transfer with the third party within the ninety (90) day period or any material change thereafter in the terms of the offer prior to closing shall constitute a new off subject to the same rights of first refusal by Franchisors in the case of the third party s initial offer Failure of Franchisor to exercise the option afforded by this Section 13 5 shall not constitute a waiver of any other provision of this Agreement including all of the requirements of this Section 13 with respect to a proposed transfer In the event the consideration terms, and/or conditions offered by a third party are such that Franchisor may not reasonably be required to furnish the same consideration terms, and/or conditions, the Franchisor may purchase the interest proposed to be sold for the reasonable equivalent in cash If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms and/or conditions offered by the third party, an independent appraiser shall be designated by Franchisor at Franchisor s expense and the appraiser s determination shall be binding

13 6 **Transfer Upon Death or Incapacitation** Upon the death or permanent incapacity (mental or physical) of any person with an interest in this Agreement in Franchisee, or in all or substantially all of the assets of the Store the executor, administrator, or personal representative of such person shall transfer such interest to a third party approved by Franchisor within six (6) months after such death or mental incapacity Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any inter vivos transfer except that the transfer fee shall be waived In the case of transfer by devise or inheritance however, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Section 13, the executor administrator, or personal representative of the decedent shall transfer the decedent s interest to another party approved by Franchisor within six (6) months, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement If the interest is not disposed of within such period Franchisor may at its option terminate this Agreement pursuant to Section 14 2 5

13 7 **Non-Waiver of Claims** Franchisor's consent to a transfer shall not constitute a waiver of any claims it may have against the transferring party nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferor of transferee

13 8 **Transfer by Franchisee in Bankruptcy – Right of First Refusal** If for any reason, this Agreement is not terminated pursuant to Section 14 1 and this Agreement is assumed or assignment of the same to any person or entity who has made a bona fide offer to accept an assignment of this Agreement is contemplated, pursuant to the United States Bankruptcy Code, then notice of such proposed assignment or assumption setting forth (a) the name and address of the proposed assignee and (b) all of the terms and conditions of the proposed assignment and assumption, shall be given to Franchisor within twenty (20) days after receipt of such proposed assignee's offer to accept assignment of this Agreement and, in any event, within ten (10) day prior to the date application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption and Franchisor shall thereupon have the prior right

and option to be exercised by notice given at any time prior to the effective date of such proposed assignment and assumption to accept an assignment of this Agreement to Franchisor itself upon the same terms and conditions and for the same consideration, if any as in the bona fide offer made by the proposed assignee, less any brokerage commissions which may be payable by Franchisee out of the consideration to be paid by such assignee for the assignment of this Agreement

14 DEFAULT AND TERMINATION

14 1 Termination In the Event of Bankruptcy or Insolvency Franchisee shall be deemed to be in default under this Agreement and all rights granted to Franchisee herein shall automatically terminate without notice to Franchisee, if Franchisee becomes insolvent or makes a general assignment for the benefit or creditors if Franchisee admits that Franchisee is unable to pay Franchisee's debts as they become due if a petition in bankruptcy is filed by Franchisee or such petition is filed against and not opposed by Franchisee if Franchisee is adjudicated as bankrupt or insolvent if a bill in equity or other proceeding for the appointment or a receiver of Franchisee or other custodian for Franchisee s business or assets is filed and consented to by Franchisee, if a receiver or other custodian (permanent or temporary) of Franchisee s assets or property or any part thereof, is appointed by any court of competent jurisdiction, if proceedings for a composition with creditors under any state or federal law is instituted by or against Franchisee, if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a superseding bond is filed), if Franchisee is dissolved, if execution is levied against Franchisee s business or property if suit to foreclose any lien or mortgage against the Franchised Location or assets is instituted against Franchisee and not dismissed within thirty (30) days or if the real or personal property of the Store is sold after levy thereupon by any sheriff, marshal or constable

14 2 **Termination with Notice and Without Opportunity to Cure** Franchisee shall be in default under this Agreement and Franchisor may at its option terminate this Agreement and all rights granted under this Agreement, without affording Franchisee any opportunity to cure the default effective immediately upon receipt of notice by Franchisee upon the occurrence of any of the following events

14 2 1 If Franchisee fails to open the Store within the time limits provided in Section 5 3,

14 2 2 If Franchisee at any time ceases to operate or otherwise abandons the Store without the consent of Franchisor or loses the right to possession of the Franchised Location, or otherwise forfeits the right to do or transact business in the jurisdiction where the premises of the Store is located If, however, through no fault of Franchisee the Franchised Location is lost damaged or destroyed by an event such that repairs or reconstruction cannot be completed within sixty (60) thereafter then Franchisee shall have thirty (30) days after such event in which to apply for Franchisor s approval to relocate and/or reconstruct the premises which approval shall not be unreasonably withheld,

14 2 3 If Franchisee (or an officer or director of or a shareholder in Franchisee, if Franchisee is a corporation or a general or limited partner of Franchisee, if Franchisee is a partnership or a member, if Franchisee is a limited liability company) is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System the Proprietary Marks the goodwill associated therewith, or Franchisor's interest therein,

14 2 4 If any surrender of control purported assignment or transfer of any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Store or any other Sweet Factory Store or Kiosk owned by Franchisee or any transfer of 49% or more of the capital stock membership interests partnership rights, or other equity interests of Franchisee is made to any third party without Franchisor s prior written consent, contrary to the terms of Section 13,

14 2 5 If an approved transfer as required by Section 13 6, is not effected within the time provided following a death or permanent incapacity (mental or physical)

14 2 6 If Franchisee fails to comply with the covenants in Section 16 1 or fails to deliver to Franchisor the executed covenants required under Sections 9 4 or 16 8,

14 2 7 If contrary to the terms of Section 9, Franchisee, any principal or employee of Franchisee, discloses or divulges the contents of the Manual or other confidential information provided to Franchisee by Franchisor,

14 2 8 If Franchisee or any principal of Franchisee has made any material misrepresentations in connection with Franchisee s application to Franchisor for the franchise granted herein

14 2 9 If Franchisee, after curing a default pursuant to Section 14 3, commits the same, similar or different default again, whether or not cured after notice,

14 2 10 If Franchisee loses, through renovation forfeiture, failure to renew, or otherwise any license required with respect to the operation of the Store,

14 2 11 If Franchisor concludes (in its sole and absolute discretion) after Franchisee's completion of the initial training program and prior to the opening of the Store for business that (i) Franchisee does not appear to possess the skills necessary to properly fulfill and discharge the demands and responsibilities required by the System or a Franchise Agreement, or (ii) Franchisee is not acceptable to become a franchisee for any reason whatsoever in Franchisor s sole and absolute discretion

14 2 12 If Franchisee understates any payment to Franchisor by three percent (3%) or more, or understates any such payment in any amount, twice in any two (2) year period

14 2 13 If an imminent threat or danger to public health or safety results from the operation of the Store or if Franchisee is cited by a public health authority, fire marshal or other governmental authority for a health, sanitation fire OSHA or other violation

14 2 14 If Franchisee knowingly maintains false books or records or submits any false reports or statements to Franchisor

14 2 15 If Franchisee fails to obtain or maintain required insurance coverage,

14 2 16 If within ten (10) days after receipt of written notice from Franchisor that any required payment is overdue, Franchisee does not make such payment to Franchisor Franchisor s affiliates or to Franchisee s suppliers or creditors, unless with respect to Franchisee's suppliers or creditors, Franchisee notifies Franchisor of the existence on a bona fide dispute and takes immediate action to resolve it,

14 2 17 If Franchisee fails to make timely payments upon any obligation of Franchisee upon which Franchisor has advanced any funds for or on behalf of Franchisee or upon which Franchisor is acting as a guarantor of Franchisee or default upon or breach of any provision of any promissory note or other evidence of indebtedness or any agreement relating thereto concerning any obligation of Franchisee which arises from the STORE,

14 2 18 If Franchisee (or any guarantor, officer or director of or a shareholder in Franchisee if Franchisee is a corporation, or a general or limited partner of Franchisee if Franchisee is a partnership, or a

member if Franchisee is a limited liability company) or any other franchisee of Franchisor which controls is controlled by or is under common control with Franchisee (a **Franchisee Affiliate**), fails to comply with any or all of the terms of this Agreement or any other agreement between Franchisor, or its affiliates and Franchisee within ten (10) days after receipt of written notice from Franchisor to do so,

14 2 19 If Franchisee defaults in the repayment or performance of any obligation or financing transaction with third parties under which this franchise, the Franchised Location or any asset of the Store is pledged as security for Franchisee's performance

14 2 20 If Franchisee fails to purchase and maintain in inventory such types and quantities of Sweet Factory brand products Proprietary Products or non proprietary products as are needed to meet reasonably anticipated consumer demand and/or contrary to the terms of Section 7 4, Franchisee purchases any products equipment supplies or materials to be used at the Store from any suppliers who are not expressly designated or approved by Franchisor, and fails to remove the same from the Store and cease all use of the same within ten (10) days after receipt of written notice from Franchisor to do so,

14 2 21 If Franchisee fails for a period of 10 days after notification of noncompliance to comply with any federal state or local law or regulation applicable to the operation of the franchise

14 3 **Termination With Notice and Opportunity to Cure** Except as otherwise provided in Sections 14 1 and 14 2 Franchisee shall have thirty (30) days after its receipt from Franchisor of a written Notice of Default within which to remedy any default under this Agreement or any Addendum executed along with this Agreement, and to provide evidence thereof to Franchisor If any such default is not cured within the specified time, or such longer period as applicable law may require Franchisor shall have the right to terminate this Agreement by providing written Notice of Termination to Franchisee Franchisee shall be in default pursuant to this Section 14 3 for failure to substantially comply with any of the requirements imposed by this Agreement, as it may from time to time reasonably be modified or supplemented by the Manual, or failure to carry out the terms of this Agreement in good faith

14 4 **Cross-Default** Except for a default or termination of any Area Development Agreement consisting solely of Franchisee s failure to meet the development schedule under the Area Development Agreement any default by Franchisee under the terms and conditions of this Agreement, any Lease the Master Lease or Sublease or any other agreement between Franchisor Operating Company or their affiliates, and Franchisee shall be deemed to be a default of each and every other such agreement In the event of the termination of this Agreement for any cause or the termination of any other agreement between Franchisor, Operating Company or their affiliates and Franchisee Franchisor and Operating Company may at their option terminate any or all of such other agreements

14 5 **Interim Management** After Franchisor has given Franchisee written notice that Franchisee is in default Franchisor may (but is not obligated to) assume interim management of the Store during the pendency of any cure period or in lieu of immediately terminating this Agreement If Franchisor elects to assume interim management of the Store (i) Franchisor s election will not relieve Franchisee of Franchisee s obligations under this Agreement (ii) Franchisor will not be liable for any debts losses costs or expenses incurred in the operation of the Store during any such interim management period (iii) Franchisor will have the right to charge a reasonable fee for the management services and (iv) Franchisee agrees to and hereby does indemnify and hold Franchisor harmless against any and all claims demands, judgments, fines, losses, liabilities, costs, amounts paid in settlement and reasonable expenses (including but not limited to attorneys fees) incurred in connection with the interim management of the Store other than those arising solely from the gross negligence or willful misconduct or Franchisor

15 OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement all rights granted under this Agreement to Franchisee shall forthwith terminate, and

15 1 **Cessation of Store Operations** Franchisee shall immediately cease to operate the Store and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor

15 2 **Cessation of Use of Confidential Information and Proprietary Marks** Franchisee shall immediately and permanently cease to use, by advertising or in any other manner whatsoever any confidential methods procedures and techniques associated with the System and all Proprietary Marks and distinctive forms slogans signs, symbols and devices associated with the System Franchisee acknowledges and agrees that the use of the Proprietary Marks after termination or expiration of this Agreement constitutes an unauthorized use of an identical mark and Franchisor shall be entitled to damages due to but not limited to, trademark infringement and counterfeiting

15 3 **Cancellation of Assumed Name Registration** Franchisee shall take such action as may be necessary to cancel any assumed name registration or equivalent registration obtained by Franchisee which contains the Proprietary Marks and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement

15 4 **Termination of Sublease or Assignment of Lease** The Sublease shall immediately terminate subject to the terms of the Sublease If Franchisee leases the Franchised Location under a Lease with a Landlord Franchisee shall immediately assign all of its rights, title and interest in and to the Lease to Franchisor Operating Company, or their designees

15 5 **Modification of Premises to Avoid Public Confusion** Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business not to use any reproduction, counterfeit copy, or colorable imitation of the Proprietary Marks either in connection with such other business or the promotion thereof which in Franchisor's sole discretion is likely to cause confusion, mistake, or deception or which in Franchisor's sole discretion is likely to dilute Franchisor s rights in and to the Proprietary Marks Franchisee further agrees not to utilize any designation of origin or description or representation which in Franchisor' sole discretion falsely suggests or represents an association or connection with Franchisor constituting unfair competition

15 6 Franchisee Payment of Monies Due Franchisee shall promptly pay all sums owning to Franchisor and its affiliates In the event of termination for any default of Franchisee, such sums shall include all damages, costs and expenses, including reasonable attorney s fees incurred by Franchisor as a result of the default which obligation shall give rise to and remain until paid in full a lien in favor of Franchisor against any and all leasehold improvements fixtures, furnishings and equipment inventory supplies and vehicles located at or used in connection with the Store, together with all accounts, payment intangibles, attachments, accessories additions substitutions and replacements, all cash and non cash proceeds derived from insurance or the disposition of such assets, all rights of Franchisee to use the Proprietary Marks patents copyrights and their registrations trade secret information and other proprietary rights, and all rights granted owned or licensed to Franchisee under this Agreement for the use of the Proprietary Marks, trade names, trade styles patents copyrights, trade secret information and other proprietary rights Franchisee hereby appoints Franchisor as its attorney in fact, with full power and authority to execute on Franchisee s behalf such documents as are necessary to obtain and perfect such lien Franchisor shall have the right to set off any amounts which it deems are payable to it by Franchisee In addition to the foregoing, Franchisee shall pay

Franchisor within thirty (30) days following the date of termination, an amount equal to the present value (using the then current 30 year treasury bond rate) of the royalty fees Franchisee would have paid Franchisor, calculated as the product of (i) the Store s average monthly Gross Revenue during the twelve (12) months immediately preceding the effective date of termination multiplied by (ii) the number of months remaining to complete the initial term of this Agreement had this Agreement not been terminated In this regard Franchisor and Franchisee acknowledge and agree that it would be impossible and impracticable to determine the precise amount of damages Franchisor will incur upon the termination of this Agreement due to the complications inherent in determining the amount of revenue lost by Franchisor because of the uncertainty regarding the number of months left to complete the initial term of this Agreement the uncertainty regarding the Gross Revenue of the Store during the remainder of the initial term of this Agreement and the amount of royalty fees Franchisee would have paid Franchisor based upon such Gross Revenue and the like Franchisor and Franchisee further acknowledge and agree that this calculation of Franchisor potential damages is a reasonable good faith estimate of such damages If Franchisor is unable to make this calculation because of Franchisee s failure to report the Gross Revenue of the Store as required by Section 10 5 Franchisor may estimate the Gross Revenue of the Store for the applicable period based upon the historical financial information available to Franchisor at such time

15 7 **Franchisee Payment of Franchisor's Cost in Securing Franchisee Compliance with Post Termination Obligations** Franchisee shall pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees incurred by Franchisor prior or subsequent to the termination or expiration of the franchise herein granted in obtaining injunctive or other relief for the enforcement of any provisions of this Section 15

15 8 **Return of Manual and Other Confidential Information** Franchisee shall immediately deliver to Franchisor the Manual and all other manuals, records correspondence files, and any instructions containing confidential information relating to the operation of the Store which are in Franchisee's possession, and all copies thereof (all of which are acknowledged to be the property of Franchisor)

15 9 **Franchisor's Right to Purchase Fixtures and Tangible Assets** Except as otherwise provided in Section 15 10 Franchisor shall have the option to the **tangible assets**' (as defined in Section 15 11) at their then current fair market value and in accordance with the procedures described in Section 15 11 Franchisor shall exercise its option by written notice to Franchisee within thirty (30) days after either (a) termination of this Agreement or (b) the expiration of the term of this Agreement

15 10 **Franchisee's Right to Sell Store Assets Upon Expiration** Except in circumstances where the Agreement is terminated prior to its normal expiration date, and notwithstanding Franchisor s rights pursuant to Section 13 to approve any transfer Franchisee or its Affiliate shall have the right to sell the assets that are subject to Franchisor s purchase option set forth in Section 15 9 during the last six (6) months of the then expiring term provided that the purchase agreement specifically includes a covenant approved by Franchisor and which is expressly enforceable by Franchisor as a third party beneficiary that the purchaser shall remove the same from the Franchised Location in accordance with the terms and conditions set forth in the Lease or Master Lease and Sublease within thirty (30) days following the expiration of the term of this Agreement

15 11 **Calculating the Purchase Price of Store Assets** For purposes of this Section 15 11 the term **tangible assets** shall mean only the leasehold improvements, furniture, fixtures, equipment and interior and exterior signs at the Store

15 11 1 The purchase price for the tangible assets shall be the lesser of their net book value (using a 5 year straight line amortization period) or their then current fair market value less the amount of all fees and obligations due to Franchisor, or its affiliates from Franchisee and less the amount of any current and

Long term liabilities of the Store to be assumed by Franchisor as described in Section 15 11 3 The purchase price for the tangible assets shall not contain any amount for **goodwill**" '**going concern value**" or initial franchise fees royalty fees advertising fees or any other sums paid to Franchisor by Franchisee prior to the termination of this Agreement In addition the purchase price for the tangible assets shall not include payment for any inventory or supplies or leasehold improvements, equipment fixtures or signs which Franchisor deems obsolete or has therefore designated as failing to meet quality standards for the System

15 11 2 The amount of the purchase price for the tangible assets shall be included by Franchisor in its notice of its exercise of the option to purchase the tangible assets If Franchisee does not accept Franchisor s purchase price for the tangible assets within ten (10) days following the date of Franchisor's notice under Section 15 9 the purchase price for the tangible assets shall be determined as follows

a) Within ten (10) days thereafter each party shall name an appraiser to independently ascertain the purchase price for the tangible assets in accordance with the criteria set forth in Section 15 11 1 If the two appraisals are in "**substantial agreement**', the '**average**' of the two appraisals will be the purchase price For this purpose the term "**substantial agreement**' means a difference in the two appraisals of less than fifteen percent (15%) of the higher appraisal and the term '**average**' means one half (1/2) of the sum of the two appraisals

b) If the two appraisals are not in substantial agreement, the two appraisers will jointly choose a third appraiser within ten (10) days of the date that the last appraisal was delivered to the parties who shall conduct his appraisal of the tangible assets within thirty (30) days If a third appraiser is utilized the purchase price will be the average of the two appraisals which are closest to each other

c) The parties shall share equally the fees and expenses of the third appraiser, but each party shall be responsible for the fees and expenses of his or its appraiser Each party shall bear its own expenses in presenting evidence to the appraisers

d) In determining the purchase price for the tangible assets, the appraisers shall consider all relevant material submitted to them by the parties or otherwise obtained by them and shall set forth their determinations in writing, together with their opinions and the considerations on which the opinions are based with a signed counterpart to be delivered to each party within thirty (30) days

15 11 3 The purchase price for the tangible assets shall be reduced by the current and long term liabilities of the Store (except liabilities owed to Franchisee or its principals) to be assumed by Franchisor up to the amount of the purchase price subject to all defenses available to Franchisee

15 11 4 The balance of the purchase price for the tangible assets remaining after the deductions described in Section 15 11 3 shall be payable to Franchise as follows

a) Forty percent (40%) of the balance due will be paid in cash as a down payment on the date of the close of escrow

b) The amount remaining due will be evidenced by a promissory note providing for payment of this sum together with interest at a rate equal to the prime lending rate the charged by Franchisor s principal bank determined as of the date of the close of escrow in seventy two (72) equal monthly installments of principal and interest commencing on the first day of the second calendar month following the date of the close of escrow and continuing on the same day of each consecutive month until paid in full

15 11 5 The close of escrow shall occur within forty-five (45) days after the final determination of the purchase price for the tangible assets Bulk transfer costs shall be paid by Franchisee Escrow costs shall be shared equally by Franchisor and Franchisee

15 11 6 If Franchisor does not elect to exercise its option to purchase the tangible assets Franchisee or its Franchisee Affiliate may assign any Lease for the Franchised Location or sell the real property to a third party provided that the assignment or purchase agreement specifically include a covenant approved by Franchisor and which is expressly enforceable by Franchisor as a third party beneficiary that the purchaser shall not for a period of twelve (12) months after the termination or expiration of this Agreement use the Franchised Location for the operation of a store business whose menu or method of operation is similar to that employed by the Store

15 11 7 Franchisor shall have the right to assign its option to purchase the tangible assets at the Store and to obtain an assignment of any Lease to an assignee of Franchisor's choice at any time prior to the close of escrow

15 12 **Irreparable Injury to Franchisor** Franchisee agrees and acknowledges that Franchisee s failure to comply with the provisions of Sections 15 9 and 15 11 will result in irreparable harm to Franchisor and to the Proprietary Marks and Franchisee agrees to pay all damages expenses, court costs and reasonable attorneys fees incurred by Franchisor in obtaining specific performance of, or an injunction against violation of and/or damages resulting from a violation of the requirements of Sections 15 9 and 15 11

15 13 **Compliance with Post Term Covenants** All covenants, obligations, and agreements of Franchisee which by their terms or by reasonable implication are to be performed in whole or in part after the termination or expiration or this Agreement, shall survive such termination or expiration

16 COVENANTS

16 1 Non Competition During Term of Agreement Franchisee specifically acknowledges that pursuant to this Agreement, Franchisee will receive valuable specialized training and confidential information including without limitation information regarding the operational sales promotional and marketing methods and techniques of Franchisor and the System Franchisee (or, if Franchisee is a corporation limited liability company or partnership all principals of Franchisee) covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor Franchisee (or if Franchisee is a corporation, limited liability company or partnership all principals of Franchisee) shall not, either directly or indirectly for itself, or through, on behalf of, or in conjunction with any person, or legal entity

16 1 1 Divert or attempt to divert any present or prospective Store customer to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System

16 1 2 Employ or seek to employ any person who is or has been within the previous thirty (30) days employed by Franchisor or an affiliate of Franchisor as a managerial or supervisory employee or otherwise directly or indirectly induce such person to leave his or her employment, or

16 1 3 Own, maintain, advise, operate, engage in be employed by, make loans to invest in, provide any assistance to or have any interest in (as owner or otherwise) or relationship or association with any self service candy and confection business that is the same or similar to the Store which offers one price candy and confections for sale in bulk or which sells candy and confection products being offered by the Store

16 2 Non Competition After Execution or Termination of Agreement Commencing upon the date of (a) a transfer permitted under Section 13 (b) expiration of this Agreement, (c) termination of this Agreement (regardless of the cause for termination), or (d) a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of this Section 16 2, and continuing for an uninterrupted period of one (1) year thereafter Franchisee shall not without Franchisor's prior written consent, either directly or indirectly, of itself or through on behalf of or in conjunction with any person persons or legal entity own maintain advise operate engage in be employed by, make loans to, or have any interest in or relationship or association with (a) any self service candy and confection business which offers one price candy and confections for sale in bulk similar to the products offered by the Store and (b) is, or is intended to be located at or within a ten (10) mile radius of the Franchised Location

16 3 **Violation of Non-Compete** If Franchisee shall commit any violation of Section 16 2 during the one (1) year period following (a) a transfer permitted under Section 13 (b) expiration of this Agreement (c) termination of this Agreement (regardless of the cause for termination) or (d) a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of Section 16 2 in addition to all other remedies available to Franchisor Franchisee shall pay Franchisor throughout the one (1) year period 5% of the gross revenue of any business which provides products and services which are the same as or similar to, the Store within ten (10) miles of the Franchised Location ("**Post Termination Gross Revenue**') in violation of Section 16 2 Franchisee shall account for and pay the 5% of Post Termination Gross Revenue to Franchisor on the fifteenth day of each month on the Post Termination Gross Revenue of the competing business during the previous calendar month Franchisor shall have the right to audit the books and records of the competing business to confirm Franchisee s compliance with this Section 16 3, upon prior notice to Franchisee

16 4 **Exceptions to Non-Compete Covenants** Sections 16 1 and 16 2 shall not apply to ownership by Franchisee of a less than five percent (5%) beneficial interest in the outstanding equity securities of any company registered under the Securities Act of 1993 or the Securities Exchange Act of 1934

16 5 **Reducing Scope of Covenants** Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 16 1 and 16 2, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 21 1

16 6 **Permission From Franchisor** If Franchisor expressly grants Franchisee permission in writing to compete with Franchisor pursuant to an arrangement made under Section 16 5 or otherwise, as a condition to being granted such permission Franchisee shall pay Franchisor throughout the one (1) year period following (a) a transfer permitted under Section 13, (b) expiration of this Agreement (c) termination of this Agreement (regardless of the cause for termination) or (d) a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of Section 16 2 5% of the Post Termination Gross Revenue earned by Franchisee from any competitor customer client vendor or account of Franchisor including but not limited to any competitor, customer client vendor or account of Franchisor who was procured by Franchisee or with whom Franchisee became acquainted by reason of this Agreement or by reason of Franchisee's access to or knowledge of the confidential information disclosed to Franchisee during the term of this Agreement Franchisee shall account for and pay the 5% of such Post Termination Gross Revenue to Franchisor on the fifteenth day of each month on the Post Termination Gross Revenue earned during the previous month Franchisor shall have the right to audit the books and records of Franchisee to confirm Franchisee's compliance with this Section 16 6 upon reasonable prior notice to Franchisee

16 7 **Enforceability of Covenants Not Affected by Franchisee Claims** Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 16 Franchisee agrees to pay all costs and expenses (including reasonable attorneys fees) incurred by Franchisor in connection with the enforcement of this Section 16

16 8 **Covenants from Individuals** Franchisee shall obtain and furnish to Franchisor executed covenants similar in substance to those set forth in this Section 16 (including covenants applicable upon the termination of a person's relationship with Franchisee) from any or all of the following persons (a) all employees of Franchisee who have attended any training program described in Section 6 1, (b) all officers, directors members and holders of a beneficial interest of five percent (5%) or more of the securities of Franchisee, and of any corporation directly or indirectly controlling Franchisee if Franchisee is a corporation or limited liability company, and (c) the general partners and any limited partners (including any corporation and the officers directors, and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner) if Franchisee is a partnership Every covenant required by this Section 16 8 shall be in a form approved by Franchisor, including without limitation, specific identification of Franchisor as a third party beneficiary of such covenants with the independent right to enforce them

16 9 **Reasonable Good Faith Estimate** Franchisor and Franchisee acknowledge and agree that it would be impossible and impracticable to determine the precise amount of damages and expenses Franchisor will incur (1) if Franchisee commits any violation of Section 16 2 during the one (1) year period following (a) a transfer permitted under Section 13, (b) expiration of this Agreement, (c) termination of this Agreement (regardless of the cause for termination) or (d) a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of Section 16 2, or (2) if Franchisor grants Franchisee permission in writing to compete with Franchisor under Section 16 5 or otherwise due to the complications inherent in determining the amount of revenue Franchisor may lose because of the uncertainty regarding the number of months left to complete the then current term of this Agreement, the uncertainty regarding the Gross Revenue of the Store during the remainder of the then current term of this Agreement, the amount of Royalties Franchisee would have paid Franchisor based upon the Gross Revenue of the Store and the like, as well as the amounts that Franchisor will collect from Franchisee upon the occurrence of the circumstances described in Section 16 3 and Section 16 6 Franchisee and Franchisee further acknowledge and agree that 5% of the Post Termination Gross Revenue is a reasonable, good faith estimate of such damages

16 10 **Breach of Covenants Causes Irreparable Injury** Franchisee acknowledges that Franchisee s violation of any covenant of this Section 16 or any action described in Sections 14 2, 14 3, or 18 3 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available and Franchisee consents to the issuance of and agrees to pay all court cost and reasonable attorney's fees incurred by Franchisor in obtaining without the posting of any bond, and ex parte or other order for injunctive or other legal or equitable relief with respect to such conduct or action

17 FRANCHISEE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP

17 1 **Corporate Franchisee** Except as otherwise approved in writing by Franchisor, if Franchisee is a corporation, it shall (a) confine its activities and its governing documents shall at all times provide that its activities are confined exclusively to operating the Store (b) maintain stop transfer instructions on its records against the transfer of any equity securities and shall only issue securities upon the face of which a legend, in a form satisfactory to Franchisor, appears which references the transfer restrictions imposed by this Agreement (c) not issue any non voting securities convertible into voting securities (d) maintain a current list of all owners

of record and all beneficial owners of any class of voting stock of Franchisee and furnish the list to Franchisor upon request In addition each present and future shareholder of Franchisee shall jointly and severally guarantee Franchisee's performance of each and every provision of this Agreement by executing a Guarantee in the form annexed hereto as Attachment C provided however, that no guarantee shall be required from a shareholder who acquires Franchisee s securities after Franchisee becomes registered under the Securities Exchange Act of 1934

17 2 **Partnership Franchisee** If Franchisee is a partnership it shall (a) furnish Franchisor with its partnership agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto and (b) prepare and furnish to Franchisor, upon request, a current list of all general and limited partners in Franchisee

17 3 **Limited Liability Company Franchisee** If a Franchisee is a limited liability company Franchisee shall (a) furnish Franchisor with a copy of its articles of organization and operating agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto (b) prepare and furnish to Franchisor, upon request, a current list of all members and managers in Franchisee, and (c) maintain stop transfer instructions on its records against the transfer of equity securities and shall only issue securities upon the face of which bear a legend in a form satisfactory to Franchisor which references the transfer restrictions imposed by this Agreement

18 TAXES

18 1 **Payments of Taxes** Franchisee shall promptly pay to Franchisor an amount equal to all taxes levied or assessed, including, but not limited to, unemployment taxes sales taxes use taxes withholding taxes, excise taxes, personal property taxes intangible property taxes, gross receipt taxes, taxes on royalty fees, any similar taxes or levies imposed upon or required to be collected or paid by Franchisor by reason of the furnishing of products, intangible property (including trademarks and trade names) or services by Franchisor to Franchisee through the sale license, or lease of property or property rights provided by this Agreement

18 2 **Challenging Tax Assessment** In the event of any bona fide dispute as to Franchisee s liability for taxes assessed or other indebtedness Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with the procedures of the taxing authority or applicable law

18 3 **Notification of Investigation or Violation** Franchisee shall notify Franchisor by telephone within twenty four hours and confirm in writing within two (2) days thereafter of any investigation or violation actual or alleged concerning any health liquor or narcotics laws or regulations and notify in writing within five (5) days of the commencement of any investigation action suit, or proceeding, and of the issuance of any order writ injunction, award or decree of any court, agency or other governmental instrumentality which may adversely affect the operation of financial condition of the Store

19 INDEPENDENT CONTRACTOR AND INDEMNIFICATION

19 1 **No Fiduciary Relationship** This Agreement does not create a fiduciary relationship between the parties hereto Franchisee shall be an independent contractor, and nothing in this Agreement is intended to constitute or appoint either party an agent legal representative subsidiary joint venturer partner, employee, or servant of the other for any purpose whatsoever

19 2 Public Notice of Independent Status Franchisee shall conspicuously identify itself and the Store in all dealings with its customers contractors suppliers, public officials and others as an independent

franchisee of Franchisor and shall place such notice of independent ownership in its Store and on all forms Franchisor shall have the right to specify the language of any such notice

19 3 **Independent Contractor** Franchisee acknowledges and agrees that it is not authorized to make any contract agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligations in Franchisor's name and that Franchisor shall in no event assume liability for, or be deemed liable under this Agreement as a result of any such action nor shall Franchisor be liable by reason of any act or omission of Franchisee in its conduct of the Store or for any claim or judgment arising therefrom against Franchisee or Franchisor

19 4 Indemnification Franchisee shall indemnify and hold harmless to the fullest extent by law Franchisor its affiliates their respective directors officers, employees, shareholders, and agents (collectively the '**Indemnitees**) from any and all '**losses and expenses**' (as hereinafter defined) incurred in connection with any litigation or other form of adjudicatory procedure claim, demand, investigation or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises directly or indirectly from as a result of or in connection with Franchisee s operation of the Store including but not limited to claims arising as a result of the maintenance and operation of vehicles or the Franchised Location (collectively an **event**), and regardless of whether same resulted from any strict or vicarious liability imposed by law on the Indemnitees provided however that this indemnity shall not apply to any liability arising from the gross negligence of Indemnitees (except to the extent that joint liability is involved in which event the indemnification provided herein shall extend to any finding of comparative negligence or contributory negligence attributable to Franchisee) For the purpose of this Section 19 4 the term "**losses and expenses**' shall be deemed to include compensatory exemplary or punitive damages fines and penalties, attorneys fees experts fees court costs, costs associated with investigating and defending against claims settlement amounts judgments compensation for damages to Franchisor's reputation and goodwill, and all other costs associated with any of the foregoing losses and expenses Franchisee shall give Franchisor prompt notice of any event of which it is aware, for which indemnification is required, and, at the expense and risk of Franchisee Franchisor may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement thereof, provided that Franchisor will seek the advice and counsel of Franchisee Any assumption of Franchisor shall not modify Franchisee's indemnification obligation Franchisor may in its sole and absolute discretion, take such actions as it seems necessary and appropriate to investigate defend or settle any event or take other remedial or corrective actions with respect thereof as may by, in Franchisor s sole and absolute discretion necessary for the protection of the indemnities of the System

20 WEB SITES

20 1 **Definitions** For the purposes of this Agreement, the following words and phrases shall have the meanings set forth in this Section 20 1

20 1 1 "**Content** means all text, images sounds, files, video, designs, animations, layout, color schemes trade dress concepts methods techniques, processes and data used in connection with displayed on or collected from or through Franchisor s Web site

20 1 2 '**Deep Link**" means a Link to the content of a Web site Typically a deep link is to an interior page of a Web site (i e by passing the front page of the Web site)

20 1 3 '**Electronic Commerce** ' means offering and selling merchandise and services associated with the Proprietary Marks, and receiving and accepting orders and payment for that merchandise and services directly or indirectly through any means of electronic communication, including receiving and accepting orders over the Internet

20 1 4 **Frame** ' refers to a feature which, when used in conjunction with certain browsers allows visitors of a Web site to view content from other Web sites without actually leaving the first page

20 1 5 **'Franchisee's Web Page"** means one or more interior pages of Franchisor s Web site dedicated in whole or in part to the Store

20 1 6 **Franchisor's Web site** ' means one or more Internet Web sites that may among other things, facilitate orders provide information about the System and the products and services that are offered on the Web site and at Stores operated under the Proprietary Marks, Franchisee s Web Page may be part of the Franchisor Web site

20 1 7 **'Internet'** means any means of electronic communication that employs inter connected computer networks to communicate information (of any kind) by fiber optics wire radio or other methods of transmission including the myriad of computers telecommunications facilities and similar means (both equipment and software) that comprise the interconnected worldwide network of networks that employ the TCP/IP (Transmission Control Protocol/Internet Protocol) or any predecessor or successor protocols to that protocol

20 1 8 **' Intranet'** means a private method of communication for use only by employees and franchisees of Franchisor, the Franchisor s Intranet may be either a **' true '** intranet (a series of inter connected computers that use the same type of software as the Internet but that are not technically part of the Internet and do not use the Internet to transmit material to one another) or an extranet (which will actually transmit information over the Internet, but require a password to access data on the servers used by Franchisor)

20 1 9 **' Link'** means a cross-reference which, with the aid of an interactive browser program allows the end-user to move or connect easily from one document (including, another Web site or page on a Web site) to another

20 1 10 **'Software** means all computer programs and computer code (e g HTML, Java) used for or on the Web site, excluding any Software owned by third parties

20 1 11 **' URL"** means uniform resource locator the unique address assigned to each page of a Web site

20 1 12 **'Web site** means a series of inter connected **' pages '** on the World Wide Web section of the Internet (the **'World Wide Web** is the portion of the Internet that features graphics rich pages using the HTTP and HTML protocols)

20 2 **Use of Proprietary Marks on Internet** Franchisee shall not develop create, generate own license lease or use in any manner any computer medium or electronic medium (including, any Internet home page, e mail address, Web site bulletin board newsgroup or other Internet-related medium) which in any way uses or displays, in whole or in part the Proprietary Marks, or any of them or any words symbols or terms confusingly similar thereto without Franchisor's express prior written consent, and then only in such manner and in accordance with this Agreement, such procedures, polices, standards and specifications as Franchisor may establish in the Manuals from time to time and only so long as Franchisee is not in default of this Agreement or any other Agreement between Franchisor its affiliates and Franchisee Without limiting the generality of the foregoing Franchisee shall not cause, permit or allow the Proprietary Marks or any of them, or any words symbols or terms confusingly similar thereto be used or displayed in whole or part (a) as or as a part of, an Internet domain name, (b) as, or as a part of a URL (at any level or address) or (c) on or in

connection with any Internet home page Web site, bulletin board, newsgroup, chat-group buddy list, instant messenger, meta tag or the comparable identifier in any future technology) or other internet related activity without Franchisor's express prior written consent, and the only in such manner and in accordance with such procedures polices standards and specifications as Franchisor may establish in the Manuals from time to time Franchisee shall not Link to or frame Franchisor's Web site (including Franchisee's Web Page, if any) to any other Web site or authorize any third party to Link to or frame the Web site (including Franchisee s Web Page, if any) without Franchisor's express prior written consent and then only in such manner and in accordance with such procedures, policies, standards and specifications as Franchisor may establish in the Manuals from time to time

20 2 1 Except as provided in Section 20 4 Franchisee shall not use nor authorize any third party to use the Proprietary Marks to advertise promote, offer or sell any goods or services through the Internet if those goods or services are the same or similar to those (a) which are offered at or from the Store, (b) which bear any of the Proprietary Marks or (c) which are otherwise offered or sold under the Proprietary Marks Franchisee may, however, use the Proprietary Marks to sell such goods or services through the Internet in compliance with Section 20 4 or with Franchisor's prior written consent, but then only in such manner and in accordance with such procedures, policies standards and specifications as Franchisor may establish in the Manuals from time to time

20 2 2 Franchisor will own and will retain all right title and interest in and to the Proprietary Marks and the use thereof in any and all manners and to all existing and future domain names URLs, future addresses and sub addresses established by Franchisor (including Franchisee s Web Page sub addresses) which may or may not include the Proprietary Marks all Software, all Content prepared for or used on, Franchisor's Web site and all intellectual property rights in or to any of them

20 3 **Franchisor's Web Site** Franchisor may but shall not be obligated to, establish and maintain from time to time Franchisor's Web site to provide information about the System and the goods and services that Sweet Factory stores provide even though Franchisor's Web site is accessible by persons in Franchisee's trade area Franchisor has sole discretion and control over the design and content of Franchisor's Web site except that Franchisor may configure the site to accommodate Franchisee's Web Page as described in Section 20 3 2 Franchisor may at its sole option from time to time, without prior notice to Franchisee (a) change, revise or eliminate the design content and functionality of Franchisor's Web site (b) make operational changes to Franchisor s Web site (c) change or modify the URL and/or domain name of Franchisor s Web site (d) substitute modify or rearrange Franchisor s Web site at Franchisor s sole option, including in any manner that Franchisor considers necessary or desirable to, among other things, (1) comply with applicable laws, (2) respond to changes in market conditions or technology and (c) respond to any other circumstances, (3) limit or restrict end user access (in whole or in part) to Franchisor s Web site and (e) disable or terminate Franchisor's Web site without any liability to Franchisee

20 3 1 Franchisor s Web site may include a series of interior pages that may identify participating Sweet Factory stores by among other things, name geographic region, address telephone number and/or e mail address Franchisor may permit Franchisee to customize or post certain information to Franchisee s Web Page subject to Franchisee's compliance with the procedures policies, standards and specifications that Franchisor may establish in the Manuals from time to time which may require the Franchisee to pay a reasonable fee for the privilege of having Franchisee's Web Page, and may include, without limitation, specifications and limitations for the data or information to be posted to Franchisee's Web Page customization specifications the basic template for design of Franchisee s Web Page, parameters and deadlines specified by Franchisor disclaimers, and such other standards and specifications and rights and obligations or the parties as Franchisor may establish from time to time Any modifications (including customizations alterations, submissions or updates) to the Content made by Franchisee for any purpose with be deemed to be a **work**

made for hire" under the copyright laws, and therefore, Franchisor shall own the intellectual property rights in and to such modifications To the extent any modification does not qualify as a work made for hire as outlined above Franchisee hereby assigns those modifications to Franchisor for no additional consideration and with no further action required and shall execute such further assignment(s) as Franchisor may request Franchisee may not modify Franchisee's Web Page except in coordination with Franchisor's webmaster and in compliance with Franchisor s policies and procedures Franchisee shall contribute a reasonable fee toward the cost of the Web site's maintenance which may vary from year to year during the term of this Agreement and shall pay the same to Franchisor in the manner and at the times that Franchisor may establish in the Manuals from time to time If Franchisee fails to pay when due any fees or other amounts payable to Franchisor under this Agreement or other agreement with Franchisor or Franchisor s affiliates or otherwise breaches this Agreement or any other agreement with Franchisor or Franchisor s affiliates, Franchisor may disable Franchisee s Web Page until such time as Franchisee pay its outstanding obligations in full Franchisee hereby appoints Franchisor as Franchisee s attorney-in fact with full power and authority for the sole purpose of disabling Franchisee s Web Page This appointment shall be deemed to be coupled with an interest and shall continue in full force and effect until the termination or expiration of this Agreement

20 3 2 Franchisor may Link Franchisor s Web site to the Web sites of third parties including electronic service providers, Franchisor's affiliates and other providers of goods and services Franchisor may also permit third parties to Link (including Deep Links to any interior page of Franchisor's Web site including Franchisee s Web Page) and frame Franchisor s Web site (including Franchisee's Web Page) Franchisor may place legal notices disclaimers Franchisor s corporate logos and slogans, advertisements, endorsements, trademarks, and other identifying information on Franchisor's Web site, all of which may be modified expanded or eliminated at Franchisor's option Further, Franchisor may establish or participate in programs whereby Franchisor refers end users to other Web sites or Franchisor receives referrals from other Web sites All consideration (monetary and non monetary) received by Franchisor on account of the placement or sale of advertisements, endorsements and sponsorships on Franchisor s Web site (including any Franchisee Page), and all consideration (monetary and non monetary) received by Franchisor on account of affiliate programs, will belong only to Franchisor Franchisor may also establish programs which encourage repeat and business by end users

203 3 Without limiting Franchisor's general unrestricted right to permit deny and regulate Franchisee's participation on Franchisor s Web site in Franchisor s sole discretion, if FRANCHISEE fails to pay when due any fees or other amounts payable to Franchisor under this Agreement, or any other agreement with Franchisor or Franchisor's affiliates or otherwise breaches this Agreement or any other agreement with Franchisor or Franchisor's affiliates, Franchisor may disable or terminate Franchisee s Web Page and remove all references to the Store on Franchisor s Web site until the breach is cured

20 3 4 Franchisor has no control over the stability or maintenance of the Internet generally as a result Franchisor is not responsible for damage or loss caused by errors of the Internet Furthermore, Franchisor is not liable for any direct indirect, special, incidental, exemplary or consequential damages arising out of the use of or the inability to use, Franchisor's Web site or the Internet including loss of profits goodwill, or savings downtime or damage to or replacement of programs and data, whether based in contract, tort, product liability or otherwise

20 4 **Electronic Commerce** Franchisee will not use the Proprietary Marks to advertise, promote or sell any services or merchandise through the Internet nor will Franchisee offer or sell any service that is identified with Proprietary Marks or any memorabilia or other merchandise that bears the Proprietary Marks through the Internet except in compliance with Section 20 2 and this Section 20 4 Franchisee's breach of this restriction will constitute willful trademark infringement and a material breach of this Agreement

20 4 1 Franchisor may at its discretion, use the Web site described in Section 20 3 or may establish another facility on the Internet for the purpose of engaging in Electronic Commerce with respect to products and services that are identified with the Proprietary Marks

20 4 2 If Franchisor decides to engage in Electronic Commerce, it will (a) establish uniform procedures, policies and protocols to govern electronic communications between Franchisor and its customers and the use and dissemination of information that Franchisor obtains with respect to customers' identities purchasing habits and other commercially relevant matters, (b) develop a secure site on the facility through which Franchisor can accept credit card and other confidential information from its customers (c) establish a central administration center through which customer orders are processed, customer complaints are handled sales taxes (if any) are remitted, and records of sales transactions are created and maintained (d) establish a central fulfillment center through which all customer orders are filled and (e) establish the terms and conditions under which members of the System may participate in Franchisor s Electronic Commerce program

20 4 3 In the event that Franchisor initiates Franchisor's Electronic Commerce program, Franchisee will have the opportunity to participate in the program provided that Franchisee is in good standing under this Agreement and any other agreement with Franchisor or Franchisor's affiliates The Electronic Commerce program set forth in the Manuals may (a) state the terms on which Franchisor and participating franchisees of Franchisor may share program revenues and expenses, (b) obligate Franchisee to adhere to Franchisor s procedures, policies and protocols that govern electronic communications and the use and dissemination of customers information (c) authorize Franchisor from time to time to modify the procedures, policies and protocols that govern the Electronic Commerce program, and (d) release Franchisor from liability to Franchisee and its customers for theft or disclosure of confidential customer information or breach of Franchisor's privacy standards unless the proximate cause of such theft disclosure or breach is Franchisor s gross negligence or willful misconduct

20 4 4 If Franchisee declines to participate in the Electronic Commerce program on the terms stated in the Manuals Franchisee will have no right to share in program revenues, nor will Franchisee have any responsibility to bear or pay any program expenses

20 4 5 If Franchisee fails to pay when due any fees or other amounts payable to Franchisor under the Agreement, or any other agreement with Franchisor or Franchisor's affiliates or otherwise breaches this Agreement or any other agreement with Franchisor or Franchisor s affiliates, Franchisee hereby authorizes Franchisor to disable or terminate the end user's ability to place pick-up and delivery orders with Franchisee until the breach is cured

20 5 **Franchisor's Intranet** Franchisor may at its option, establish and maintain an Intranet through which Franchisor franchisees of Franchisor and Franchisor s employees may communicate with each other and through which Franchisor may disseminate the Manuals, updates thereto and other confidential information Franchisor shall have sole discretion and control over all aspects of the Intranet, including the content and functionality thereof Franchisor will have no obligation to maintain the Intranet indefinitely and may dismantle it at any time without liability to Franchisee

20 5 1 If Franchisor establishes an Intranet Franchisee shall have the privilege to use the Intranet, subject to Franchisee's strict compliance with the standards and specifications, protocols and restrictions that Franchisor may establish from time to time Such standards and specifications protocols and restrictions may relate to, among other things (a) the use of abusive, slanderous or otherwise offensive language in electronic communications (b) communications between or among franchisees that endorse or encourage breach of any franchisee s Franchise Agreement (c) confidential treatment of materials that Franchisor transmits via the Intranet (e) password protocols and other security precautions, (f) grounds and

Procedures for Franchisor s suspending or revoking a franchisee s access to the Intranet and (g) a privacy policy governing Franchisor's access to and use of electronic communications that franchisees post to the Intranet Franchisee acknowledges that, as administrator of the Intranet Franchisor can technically access and view any communication that any person posts on the Intranet Franchisee further acknowledges that the Intranet facility and all communications that are posted to it will become Franchisor's property free of any claims of privacy or privilege that Franchisee or any other person may assert

20 5 2 Upon receipt of notice from Franchisor that Franchisor has established the Intranet Franchisee shall establish and continually maintain (during all times that the Intranet shall be established and until the termination of this Agreement) an electronic connection (the specifications of which shall be specified in the Manuals) with the Intranet that allows Franchisor to send messages to and receive messages from Franchisee subject to the standards and specifications Franchisee shall contribute a reasonable amount toward the cost of the Intranet s maintenance with may vary from year to year during the term of this Agreement and shall pay the same to Franchisor in the manner and at the times that Franchisor may establish in the Manuals from time to time

20 5 3 If Franchisee fails to pay when due any fees or other amounts payable to Franchisor under this Agreement or any other agreement with Franchisor or Franchisor s affiliates or otherwise breaches this Agreement or any other agreement with Franchisor or Franchisor's affiliates, Franchisor may temporarily disable or terminate Franchisee's access to the Intranet until such time as Franchisee pays its outstanding obligation in full without Franchisor having any liability to Franchisee in which case Franchisor shall only be required to provide Franchisee a paper copy of the Manuals and any updates thereto, if none have been previously provided to Franchisee unless Franchisee is not otherwise entitled to the Manuals

20 6 **Assignment Upon Termination or Expiration** Franchisee shall at the option and request of Franchisor, assign to Franchisor all rights to all e mail address, URLs domain names, Internet listings, and Internet accounts related to the Store following demand by Franchisor upon Franchisee's misuse of the same and/or the termination or expiration of this Agreement Furthermore Franchisee hereby appoints Franchisor as Franchisee s attorney in fact with full power and authority for the sole purpose of assigning these rights to Franchisor This appointment shall by deemed to be coupled with an interest and shall continue in full force and effect until the termination or expiration of this Agreement

21 APPROVALS, WAIVERS, AND NOTICES

21 1 **Obtaining Approvals** Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor thereof, and such approval or consent must be obtained in writing Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver approval consent, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request thereof

21 2 **No Waiver** No delay, waiver omission or forbearance on the part of Franchisor to exercise any right option duty or power arising out of any breach or default by Franchisee or by any other franchisee, of any of the terms, provisions or covenants thereof, and no custom or practice by the parties at variance with the terms of this Agreement shall constitute a waiver by Franchisor to enforce any such right, option, or power as against Franchisee, or as to a subsequent breach or default by Franchisee Subsequent acceptance by Franchisor of any payments due to it under this Agreement shall not be deemed to be a waiver by Franchisor of any preceding or succeeding breach by Franchisee of any terms covenants, or conditions of this Agreement

21 3 Notices All notices or demands shall be in writing and shall be served in person by Express Mail by certified mail by private overnight deliver or by electronic transmission Service shall be deemed conclusively made (a) at the time of service, if personally served, (b) twenty four (24) hours (exclusive of weekends and national holidays) after deposit in the United States mail properly addressed and postage prepaid, if served by Express Mail (c) upon the earlier of actual receipt or three (3) calendar days after deposit in the United States mail properly addressed and postage prepaid Return Receipt Requested if served by Certified Mail (d) twenty-four (24) hours after delivery by the party giving the notice statement or demand if by private overnight delivery and (e) one (1) business day after electronic transmission (with confirmation copy sent by regular United States mail Notices and demands shall be given to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party

Notices to Franchisor

Sweet Candy Franchise, LLC
929 W Barkley Avenue
Orange, California 92868
Fax 714 223 1081
Attention President

With a copy (which shall not constitute notice) to

Barry Kurtz Esq
Kurtz Law Group, A Professional Corporation
21650 Oxnard Street, Suite 500
Woodland Hills, California 91367
Fax 818 986 4474

Notices to Franchisee

Cambridge Restaurant Group LLC
23400 Michigan Avenue #201
Dearborn Michigan, 48124
Attention Michael Hamame
Fax _____

Either party may change its address for the purpose of receiving notices, demands and other communications as herein provided by a written notice given in the manner aforesaid to the other party

22 ENTIRE AGREEMENT, SEVERABILITY, AND CONTRUCTION

22 1 Entire Agreement This Agreement any attachments hereto, and any ancillary agreements between Franchisee and Franchisor or any affiliate which are executed contemporaneously with this Agreement constitute the entire and complete Agreement between Franchisor (and, if applicable, any affiliate) and Franchisee concerning the subject matter thereof and supersede all prior agreements Franchisee acknowledges that it is entering into this Agreement and any ancillary agreements executed contemporaneously herewith as a result of its own independent investigation of the business franchised hereby and not as a result of any representation made by Franchisor or persons associated with Franchisor, or other franchisees, which are contrary to the terms herein set forth or which are contrary to the terms of any franchise disclosure document, or other similar document required or permitted to be given to Franchisee pursuant to applicable law Except for those permitted under this Agreement to be made unilaterally by Franchisor, no amendment, change, or variation from this Agreement shall be binding on either party unless mutually agreed to by parties and executed by their authorized officers or agents in writing Notwithstanding the foregoing,

Nothing in this Agreement is intended to disclaim representations Franchisor made to Franchisee in the Franchise Disclosure Document or in any related document that Franchisor heretofore furnished to Franchisee

22 2 **Severability and Construction** Except as expressly provided to the contrary herein each section paragraph part term, and provision of this Agreement shall be considered severable, and if for any reason any section paragraph, part term provision and/or covenant herein is determined to be invalid and contrary to, or in conflict with any existing or future law or regulation by a court or agency having valid jurisdiction such shall not impair the operation of or have any other effect upon, such other portions, sections, paragraphs parts terms provisions and/or covenants of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto, and the invalid portions sections paragraphs, parts terms provisions and/or covenants shall be deemed not to be part of this Agreement Neither this Agreement or any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise On the contrary, this Agreement has been review by all parties and shall be constructed and interpreted according to the ordinary meaning of the words used to fairly accomplish the purposes and intentions of all parties to this Agreement Franchisor and Franchisee intend that if any provision of this Agreement is susceptible to two or more constructions one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, the provision shall be given the meaning that renders it enforceable

22 3 **Survival of Obligations After Expiration or Termination of Agreement** Any provision or covenant of this Agreement which expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement shall survive such expiration or termination

22 4 **Survival of Modified Provisions** Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions of this Agreement any portion or portions which a court or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which Franchisor is a party or from reducing the scope of any promise or covenant to the extent required to comply with such a court or agency order

22 5 **Captions** All captions in this Agreement are intended for the convenience of the parties and none shall be deemed to affect the meaning or construction of any provision of this Agreement

22 6 **Responsibility** The term **Franchisee'** as used in this Agreement shall refer to each person executing this Agreement as Franchisee, whether such person is one of the spouses, partners, shareholders, members trustees trustors or beneficiaries or persons named as included in Franchisee and shall apply to each such person as if he were the only named Franchisee in this Agreement

22 6 1 If Franchisee is a married couple both husband and wife executing this Agreement shall be liable for all obligations and duties of Franchisee under this Agreement as if such spouse were the sole Franchisee under this Agreement

22 6 2 If Franchisee is a partnership or if more than one person executes this Agreement as Franchisee each partner or person executing this Agreement shall be liable for all the obligations and duties of Franchisee under this Agreement

22 6 3 If Franchisee is a trust, each trustee, trustor and beneficiary signing this Agreement shall be liable for all of the obligations and duties of Franchisee under this Agreement

22 6 4 If Franchisee is a corporation or limited liability company all shareholders or members executing this Agreement shall be liable for all obligations and duties of Franchisee under this Agreement as if each such shareholder or member were the sole Franchisee under this Agreement

22 6 5 If Franchisee is in breach or default under this Agreement, Franchisor may proceed directly against each such spouse partner, signatory to this Agreement shareholder, member, trustee trustor or beneficiary without first proceeding against Franchisee and without proceeding against or naming in such suit any other Franchisee partner, signatory to this Agreement, shareholder, member, trustee, trustor or beneficiary The obligations of Franchisee and each such spouse partner person executing this Agreement, shareholder member, trustee trustor and beneficiary shall be joint and several

22 6 6 Notice to or demand upon one spouse, partner person signing this Agreement, shareholder, member, trustee trustor or beneficiary shall be deemed notice to or demand upon Franchisee and all such spouses partners, persons signing this Agreement, shareholders members trustees trustors and beneficiaries and no notice or demand need be made to or upon all such Franchisee's, spouses, partners, persons executing this Agreement, shareholders members, trustees trustors or beneficiaries

22 6 7 The cessation of or release from liability of Franchisee, or any such spouse partner person executing this Agreement, shareholder, member trustee, trustor or beneficiary shall not relieve any other Franchisee, spouse partner person executing this Agreement shareholder member trustee trustor or beneficiary from liability under this Agreement, except to the extent that the breach or default has been remedied or monies owed have been paid

22 7 **Incorporation of Recitals** The recitals set forth in Paragraphs A G of this Agreement are true and correct and are hereby incorporated by reference into the body of this Agreement

23 APPLICABLE LAW

23 1 **Choice of Law** This Agreement takes effect upon its acceptance and execution by Franchisor in California, and shall be interpreted and constructed under the laws of California In the event of any conflict of law the laws of California shall prevail, without regard to the application of California conflict of law rules If however, any provision of this Agreement would not be enforceable under the laws of California, and if the Store is located outside of California and such provision would be enforceable under the laws of the state in which the Store is located then such provision shall be interpreted and construed under the laws of that state Nothing in this Section 23 1 is intended by the parties to subject this Agreement to any franchise or similar law rules or regulation of the state of California to which it would not otherwise be subject

23 2 **Venue** The parties agree that any action brought by either party against the other in any court whether federal or state, shall be brought within the State of California in the country in which Franchisor has its principal place of business at the time the action is initiated, and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision

23 3 **Nonexclusivity of Remedy** No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted but each shall be cumulative of every other right or remedy

23 4 **Limitation of Adjudicative Proceedings** Franchisor and Franchisee hereby waive to the fullest extent permitted by law any right to or claim of any punitive or exemplary damages against the other and agree that in the event of a dispute between them each shall be limited to the recovery of any actual damages sustained by it

23 5 Right to Injunctive Relief Nothing herein contained shall bar Franchisor's right to seek injunctive relief to obtain the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to Franchisee s (a) use of the Proprietary Marks (b) obligations upon termination or expiration of the Agreement, (c) assignment or proposed assignment of the Store, this Agreement, or any ownership interest in Franchisee or (d) actions covered by the provisions of Section 15 Franchisor also shall be able to seek injunctive relief to prohibit any act or omission by Franchisee or its employees that constitutes a violation of any applicable law is dishonest or misleading to Franchisee's customers or to the public or which may impair the goodwill associated with the Proprietary Marks, and Franchisee agrees to pay all costs and reasonable attorneys fees incurred by Franchisor in obtaining such relief

24 ACKNOWLEDGEMENTS

24 1 **Recognition of Business Risks** Franchisee acknowledges that it has conducted an independent investigation of the proposed franchise and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability of Franchisee as an independent business person I ranchisor expressly disclaims the making of and Franchisee acknowledges that it has not received any warranty or guarantee express or implied as to the potential sales income profits or success of the business venture contemplated by this Agreement, or of other Stores

24 2 **Receipt of Franchise Disclosure Documents** Franchisee acknowledges that it has received a copy of the complete Sweet Candy, LLC franchise disclosure document for Sweet Factory stores, which contains a copy of this Franchise Agreement the attachments thereto and agreements relating thereto, if any at least fourteen (14) calendar days prior to the date on which this Agreement was executed Franchisee acknowledges and agrees that Franchisor has made no promises representations, warranties or assurances to Franchisee which are inconsistent with the terms of this Agreement or Franchisor's franchise disclosure document concerning the profitability or likelihood of success of the Store, that he has been informed by Franchisor that there can be no guaranty of success in the franchised business and that Franchisee s business ability and aptitude is primary in determining his success

24 3 **Review of Franchise Disclosure Documents** Franchisee acknowledges that it has read and understood this Agreement, the attachments hereto, and agreements relating thereto, if any, and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors and counsel of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement

24 4 **Representations by Franchisee** Franchisee acknowledges and agrees that prior to the date of Franchisee s execution of this Agreement no employee, agent or other person speaking on Franchisor's behalf made (i) any statement or promise to Franchisee concerning projected revenues, profits or operating costs of a Sweet Factory franchised business (ii) any statement or promise to Franchisee regarding the amount of money Franchisee may earn in operating a Sweet Factory franchised business (iii) any statement or promise to Franchisee concerning the total amount of revenue a Sweet Factory franchised business will or may generate, or (iv) any statement or promise to Franchisee regarding the costs Franchisee will or may incur in operating a Sweet Factory franchised business

24 5 **Anti-Terrorism Laws** Franchisee and its officers directors members and shareholders shall comply with and/or assist Franchisor to the fullest extent possible in I ranchisor's efforts to comply with Anti Terrorism Laws (as defined below) In connection with such compliance Franchisee and its officers directors, members and shareholders certify, represent, and warrant that none of the property or interests of Franchisee or its officers directors members and shareholders is subject to being **blocked**" under any of the Anti Terrorism Laws and that Franchisee and its officers directors members and shareholders are not otherwise in violation of

any of the Anti-Terrorism Laws Any violation of the Anti Terrorism Laws by Franchisee or Franchisee s employees or any blocking of Franchisee's assets under the Anti Terrorism Laws constitutes grounds for immediate termination of this Agreement and any other agreements Franchisee has entered into with Franchisor of any of its affiliates, in accordance with the provisions of Section 14 4

24 5 1 For the purpose of this Section 24 5 "**Anti-Terrorism Laws**' means Executive Order 13224 issued by the President of the United States the Terrorism Sanctions Regulations (Title 31, Part 595 of the U S Code of Federal Regulations) the Foreign Terrorist Organizations Sanctions Regulations (Title 31 Part 597 of the U S Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U S Code of Federal Regulations) the USA Patriot Act, and all other present and future federal state and local laws ordinances, regulations, policies lists and any other requirements of any Governmental Authority (including, without limitation the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war

24 5 2 Franchisee and its officers, directors, members and shareholders certify that none of its employees, or anyone associated with Franchisee or its officers, directors, members and shareholders are listed in the Annex to Executive Order 13224 Franchisee agrees not to hire any individuals listed in the Annex The Annex is available at

http //www treasury gov/offices/enforcement/ofac/sanctions/terrorism html

24 5 3 Franchisee certifies that Franchisee has no knowledge or information that if generally known would result in Franchisee its officers, directors, members and shareholders, its employees, or anyone associated with Franchisee to be listed in the Annex to Executive Order 13224

24 5 4 Franchisee shall be solely responsible for ascertaining what actions must be taken by Franchisee to comply with the Anti Terrorism Laws, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities set forth in this Agreement pertain to Franchisee's obligations under this Section 24 5

24 5 5 Any misrepresentation by Franchisee under this Section 24 or any violation of the Anti Terrorism Laws by Franchisee, its officers directors members and shareholders or Franchisee s employees shall constitute grounds for immediate termination of this Agreement and any other Agreement Franchisee has entered with Franchisor or an affiliate of Franchisor in accordance with the terms of this Agreement

24 6 **Attorneys' Fees** If Franchisor becomes a party to any legal proceedings concerning this Agreement, the Store or the Franchised Location by reason of any act omission of Franchisee or its authorized representatives Franchisee shall be liable to Franchisor for the reasonable attorney's fees and court costs incurred by Franchisor in the legal proceedings If either party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorney s fees and costs of suit

24 7 **Atypical Arrangements** Franchisee acknowledges and agrees that Franchisor may modify the offer of its franchisee to other franchisees in any manner and at any time which offers have or may have terms, conditions, and obligations, which may differ from the terms, conditions, and obligations in this Agreement Franchisee further acknowledges and agrees that Franchisor has made no warranty or representation that all Franchise Agreements previously issued or issued after this Franchise Agreement by Franchisor do or will contain terms substantially similar to those contained in this Franchise Agreement Franchisor may in its reasonable business judgment and its sole and absolute discretion, due to local business conditions or otherwise, waive or modify comparable provisions of other Franchise Agreements previously executed or

executed after the date of this Franchise Agreement with other Sweet Factory franchisees in a non uniform manner

24 8 **Additional Documents** Each of the parties agrees to execute, acknowledge and deliver to the other party and to procure the execution, acknowledgement and delivery to the other party of any additional documents or instruments which either party may reasonably require to fully effectuate and carry out the provisions of this Agreement

24 9 **Exclusive Remedy** In no event shall Franchisee make any claim for money damages based on any claim or assertion that Franchisor has unreasonably withheld or delayed any consent or approval under this Agreement Franchisee waives any such claim for damages Franchisee may not claim any such damages by way of setoff counterclaim or defense Franchisee s sole remedy for the claim will be an action or proceeding to enforce the provisions of this Agreement, for specific performance or for declaratory judgment

24 10 **Force Majeure** Neither party will be in default in the performance of its obligations under this Agreement if such performance is prevented or delayed due to Force Majeure ' **Force Majeure** means any event that is reasonably unforeseeable as of the date of this Agreement and that is beyond the reasonable control directly or indirectly of a party the effects of which could not reasonably be prevented or avoided by that party with the exercise of commercially reasonable efforts and due diligence and which event does not result from the party's fault or negligence or the fault or negligence of its agents, employees or subcontractors and which event causes that party to be delayed, in whole or in part, or unable to partially or wholly perform its obligations under this Agreement and subject to the satisfaction of the foregoing criteria shall include (a) acts of God (such as tornadoes earthquakes, hurricanes, floods fire or other natural catastrophe), (b) strikes, lockouts or other industrial disturbances (c) war, terrorist acts riot or other civil disturbance, (d) unilateral governmental action impacting restaurants generally, and (e) epidemics, transportation shortages, inadequate supply of labor material or energy or a party foregoing the right to acquire or use any of the foregoing in order to accommodate or comply with the orders requests, regulations recommendations or instructions of any federal state or municipal government or any department of agency In the event of the occurrence of an event constituting Force Majeure, the party claiming the extension by Force Majeure shall notify the other party in writing within ten (10) days after commencement of the Force Majeure of the specific nature and extent of the Force Majeure and how it has impacted that party s performance hereunder The particular time period to which the event of Force Majeure applies shall be extended by an amount of time equal to the time period during which the Force Majeure shall have existed The party claiming the extension by Force Majeure shall continue to provide the other party with updates and all information as may be requested by the other party, including that party's progress and diligence in responding to and overcoming the Force Majeure

24 11 **Counterparts and Electronic Copies** This Agreement may be executed in any number of counterparts each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument Signatures transmitted electronically or by facsimile will be deemed original signatures Electronic copies of this Agreement shall constitute and be deemed on original copy of this Agreement for all purposes provided such electronic copies are fully executed, dated and identical in form to the original hard copy version of the Agreement

(Signature Page Follows)

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first shown above

FRANCHISOR

SWEET CANDY FRANCHISE, LLC,

By _____

Name _____

Title _____

FRANCHISEE

_____,

[ ] an individual
[ ] a _____general partnership
[ ] a _____ limited partnership,
[ ] a Nevada limited liability company
[ ] a _____ corporation

By _____
Name _____
Its _____ and individually

SWEET CANDY FRANCHISE, LLC
FRANCHISE AGREEMENT

ATTACHMENT A
THE FRANCHISED LOCATION

SWEET CANDY FRANCHISE, LLC
FRANCHISE AGREEMENT

ATTACHMENT A
THE FRANCHISED LOCATION

The following site has been selected by Franchisee and approved by Franchisor as the '**Franchised Location**" for the **Store**" in accordance with Section 1 2 of the Franchise Agreement entered into between Franchisor and Franchisee dated _____, 2013

_____
_____
_____

The commencement date of this Agreement is _____ The expiration date of this Agreement is _____, 2023

FRANCHISOR

SWEET CANDY FRANCHISE, LLC,

By _____

Name _____

Title _____

FRANCHISEE

_____,

[ ] an individual,
[ ] a _____general partnership,
[ ] a _____ limited partnership,
[ ] a Nevada limited liability company
[ ] a _____ corporation

By _____
Name _____
Its _____, and individually

SWEET CANDY FRANCHISE, LLC
FRANCHISE AGREEMENT

ATTACHMENT B
AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS (DIRECT DEBITS)

SWEET CANDY FRANCHISE, LLC
FRANCHISE AGREEMENT

ATTACHMENT B
AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS
(DIRECT DEBITS)

The undersigned depositor (**Depositor**") hereby (1) authorizes Sweet Candy Franchise LLC and its affiliates (**Franchisor**) to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account indicated below and (2) authorizes the depository designated below ("**Depository** ') to debit such account pursuant to Franchisor's instructions

Depository	Branch
City and State	Zip Code
Bank Transit / ABA Number	Account Number

This authority is to remain in full force and effect until Depository has received joint written notification from Franchisor and Depositor of the Depositor's termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity to act on it Notwithstanding the foregoing Depository shall provide Franchisor and Depositor with thirty (30) day prior written notice of the termination of this authority If an erroneous debit entry is initiated to Depositor's account, Depositor shall have the right to have the amount of such entry credited to such account by Depository if (a) within fifteen (15) calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to such entry or forty five (45) days after posting whichever comes first, Depositor shall have sent to Depository a written notice indentifying such entry, stating that such entry was in error, and requesting Depository to credit the amount thereof to such account These rights are in addition to any rights Depositor may have under federal and state banking laws

DEPOSITOR (Print Name)	DEPOSITORY (Print Name)
By _____	By _____
Its _____	Its _____

SWEET CANDY FRANCHISE, LLC
FRANCHISE AGREEMENT

ATTACHMENT C
STATE SPECIFIC AMENDMENTS

ATTACHMENT C

ATTACHMENTS TO THE FRANCHISE AGREEMENT FOR SPECIFIC STATES

If any one of the following Attachments to the Franchise Agreement for Specific States (" Attachment") is checked as an "Applicable Attachment below, then that Attachment shall be incorporated into the Franchise Agreement entered into by Sweet Candy Franchise, LLC and you To the extent any terms of an Applicable Attachment conflict with the terms of the Franchise Agreement, the terms of the Attachment shall supersede the terms of the Franchise Agreement

Applicable Attachment

____California
____Illinois
____Maryland
____New York
____Washington

EXHIBIT L
STATE SPECIFIC AMENDMENTS
CALIFORNIA

The undersigned hereby acknowledge and agree that

1 The California Department of Corporations requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL BUS & PROF CODE Section 31000 et seq , and the California Franchise Relations Act, CAL BUS & PROF CODE Section 20000 et seq To the extent that the Franchise Agreement (the "**Agreement**") contains provisions that are inconsistent with the following, such provisions are amended

a California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning nonrenewal and termination of the Agreement If the Agreement contains a provision that is inconsistent with the law, the law will control

b The Franchise Agreement provides for termination upon bankruptcy This provision may not be enforceable under federal bankruptcy law

c YOU MUST SIGN A GENERAL RELEASE IF YOU RENEW OR TRANSFER YOUR FRANCHISE CALIFORNIA CORPORATIONS CODE SECTION 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE SECTIONS 31000 THROUGH 31516)

d The Agreement requires payment of liquidated damages that is inconsistent with California Civil Code Section 1671 and the liquidated damage clause may be unenforceable

e The Agreement contains a covenant not to compete which extends beyond the expiration or termination of the Agreement and the covenant may be unenforceable under California law

2 Each provision of this Attachment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of California law are met independently without reference to this Attachment

EXHIBIT L
STATE SPECIFIC AMENDMENTS
ILLINOIS

The undersigned hereby acknowledge and agree that

1 Section 705/4 of the Illinois Franchise Disclosure Act of 1987 (the "**Act**") provides that any provision in the Franchise Agreement (the "**Agreement**") which designates venue outside of Illinois is void with respect to any cause of action which is otherwise enforceable in Illinois, however, the Agreement may provide for arbitration in a forum outside of Illinois

2 Illinois law shall apply to and govern any claim between the parties under the Franchise Agreement that alleges violation of the Act

3 Paragraph 19 1 and Paragraph 19 2 of the Franchise Agreement are amended to read as follows

- 19 1 Choice of Law This Agreement shall be interpreted and construed under the laws of Illinois Nothing in this Paragraph 19 1 is intended by the parties to subject this Agreement to any franchise or similar law, rules, or regulations of the state of Illinois to which it would not otherwise be subject

- 19 2 Venue The parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought within the State of Illinois

4 Notwithstanding anything in the Franchise Agreement to the contrary, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of this State is void This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of the Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code

5 Each provision of this Attachment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Attachment

EXHIBIT L
STATE SPECIFIC AMENDMENTS
MARYLAND

The undersigned hereby acknowledge and agree that

1 The state of Maryland has a statute, the Maryland Franchise Registration and Disclosure Law, Md Code Bus Reg Sections 14-201 through 14-233 (the 'Law"), which may supersede the franchise agreement in your relationship with the franchisor To the extent that the Franchise Agreement (the "Agreement") contains provisions that are inconsistent with the Law, such provisions are amended

2 The Agreement shall be deemed amended so that no release, assignment, novation, waiver or estoppel is required if it would violate the Law Nothing in the Agreement, including any acknowledgments or representations, shall be deemed a release or waiver of any right or obligation under the Law

3 Any provision in the Agreement that provides for termination upon bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law

4 Any provision in the Agreement requiring Franchisee to sign a general release of any and all claims against Franchisor shall not apply to claims arising under the Law

5 Section 14-226 of the Law prohibits Franchisor from requiring a prospective Franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise Any provisions of the Agreement which requires a prospective Franchisee to disclaim the occurrence and/or non-occurrence of acts that would constitute a violation of the Law in order to purchase a franchise are not intended to, nor shall they act as a release, estoppel or waiver of any liability incurred under the Law

6 Any provision requiring Franchisee to bring an action against Franchisor in any state other than Maryland shall not apply to claims arising under the Law Franchisee may bring an action in Maryland for claims arising under the Law

7 Each provision of this Attachment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Law are met independently without reference to this Attachment

EXHIBIT L
STATE SPECIFIC AMENDMENTS
NEW YORK

The undersigned hereby acknowledge and agree that

1 The General Business Law of the State of New York, Article 33, and the regulations issued under the Law, require that certain provisions contained in the franchise documents be amended to be consistent with New York law To the extent that the Franchise Agreement (the "**Agreement**") contains provisions that are inconsistent with New York law, such provisions are amended

a The following sentence shall be included at the end of the first sentence in Section 13 1 **Transfer by Franchisor** provided, however, that we will only assign to an assignee who in our good faith judgment is willing and able to assume our obligations

b The following sentence shall be included at the end of the first sentence in Section 14 6 **Termination by Franchisee** Franchisee may terminate this Agreement on any grounds available by law

c The following sentence shall be included at the end of the first sentence in Section 19 4 **Indemnification** Notwithstanding this Section 19 4, Franchisee shall not be required to indemnify Franchisor for any liabilities which arose as a result of Franchisor's breach of this Agreement or other civil wrongs committed by Franchisor

2 Each provision of this Attachment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Law are met independently without reference to this Attachment

EXHIBIT L
STATE SPECIFIC AMENDMENTS
WASHINGTON

The undersigned hereby acknowledge and agree that

The Washington Department of Financial Institutions requires that certain provisions contained in the franchise documents be amended to be consistent with Washington law To the extent that the Franchise Agreement (the "**Agreement**") contains provisions that are inconsistent with the following, such provisions are amended

1 The State of Washington has a statute, RCW 19 100 180, which may supersede the Agreement with respect to provisions regarding termination and renewal the franchise There may also be court decisions which may supersede the Agreement with respect to provisions regarding termination and renewal of the franchise

2 In any arbitration involving franchise purchased n Washington, the arbitration site shall be either in the state of Washington, on in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

3 If any of the provisions in the Agreement are inconsistent with the relationship provisions of RCW 19 100 180 or other requirements of the Washington Franchise Investment Protection Act (the "**Act**"), the provisions of the Act will prevail over the inconsistent provisions

4 A release or waiver of rights executed by Franchisee shall not include rights under the Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable

5 To the extent required by the Act, transfer fees are collectable to the extent that they reflect Franchisor's reasonable estimated or actual costs in effecting a transfer

6 Each provision of this Attachment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Attachment

The following paragraph is to be added at the end of Item 17

If any of the provisions in this Disclosure Document or Franchise Agreement are inconsistent with the related provisions of the Revised Code of Washington Section 19100180 or any other requirements of the Washington Franchise Investment Protection Act (the **Act**), the provisions of the Act will prevail over the inconsistent terms of the Disclosure Document or Franchise Agreement

WASHINGTON

RIDER TO FRANCHISE AGREEMENT

In recognition of the requirements of the Washington Franchise Investment Protection Act (RCW 19100 180), the parties to the attached Franchise Agreement agree as follows

The State of Washington has a statute, the Washington Franchise Investment Protector Act, RCW 19100 180 ("the Act"), which might supersede this Agreement or Franchisee's relationship with Franchisor, including in the areas of termination and renewal of Franchisee's franchise There might also be court decisions which supersede the Agreement or Franchisee's relationship with Franchisor, including termination and renewal of Franchisee's franchise

In any arbitration involving a franchise purchased in Washington, the arbitrator site shall be, but only if required by the Act (to the extent such requirement is not preempted by the Federal Arbitration Act), either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

In the event of a conflict of laws, to the extent required by the Act, the provisions of the Act, Chapter 19100 RCW, shall prevail

To the extent required by the Act, a release or waiver of rights executed by Franchisee shall not include rights under the Act, except when executed pursuant to a negotiated settlement after the Agreement is in effect and where the parties are represented by independent counsel Provisions such as those which unreasonably restrict or effect the statute of limitations period for claims under the Act, or rights or remedies under the Act, such as a right to a jury trial, might not be enforceable

To the extent required by the Act, transfer fees are collectable to the extent that they reflect Franchisor's reasonable estimate or actual costs in effecting a transfer

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms

ACKNOWLEDGMENT

It is agreed that the applicable foregoing Applicable Attachment, if any, supersedes any inconsistent portion of the Franchise Agreement dated the _____ day of _____, 20__, and of the Franchise Disclosure Document, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect, and the parties further acknowledge and agree that this Applicable Attachment is applicable only to those persons specifically subject to the protections of the state laws referenced in this Applicable Attachment

DATED this _____ day of _____, 20__

FRANCHISOR

SWEET CANDY FRANCHISE, LLC,

By _____

Name _____

Title _____

FRANCHISEE

_____,

[ ] an individual,
[ ] a _____ general partnership,
[ ] a _____ limited partnership,
[ ] a _____ limited liability company,
[ ] a _____ corporation

By _____
Its _____, and individually

SWEET CANDY FRANCHISE, LLC
FRANCHISE AGREEMENT

ATTACHMENT D
GUARANTEE

SWEET CANDY FRANCHISE, LLC
FRANCHISE AGREEMENT

ATTACHMENT E
ENTITY INFORMATION

EXHIBIT E
ENTITY INFORMATION

If Franchisee is an Entity, Franchisee represents and warrants that the following information is accurate and complete in all material respects

(1) Franchisee is a (check as applicable)
[ ] corporation
[ ] limited liability company
[ ] general partnership
[ ] limited partnership
[ ] Other (specify) _____

(2) Franchisee shall provide to Franchisor concurrently with the execution of this Agreement true and accurate copies of its charter documents including Articles of Incorporation, Bylaws Operating Agreement Partnership Agreement, resolutions authorizing the execution of this Agreement and any amendments to the foregoing (**Entity Record**)

(3) Franchisee promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in Franchisee

(4) The name and address of each of Franchisee's Owners members or general and limited partner

NAME	ADDRESS	NUMBER OF SHARES OR PERCENTAGE INTEREST

(5) There is set forth below the names, and address and title of Franchisee's principal officers or partners who will be devoting their full time to the Business

NAME	ADDRESS

_____

_____

(6) The address where Franchisee s Financial Records, and Entity Records (e g Articles of Incorporation Bylaws Operating Agreement, Partnership Agreement etc) are maintained is _____

FRANCHISOR

SWEET CANDY FRANCHISE, LLC,

By _____

Name _____

Title _____

FRANCHISEE

_____,

[ ] an individual,
[ ] a _____general partnership,
[ ] a _____ limited partnership,
[ ] a Nevada limited liability company
[ ] a _____ corporation

By _____
Name _____
Its _____, and individually

SWEET CANDY FRANCHISE, LLC

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT F

ADDENDUM FOR STORE PURCHASE

SWEET CANDY FRANCHISE, LLC

FRANCHISE AGREEMENT
ADDENDUM FOR STORE PURCHASE

THIS ADDENDUM FOR STORE PURCHASE (the "**Addendum**") is made and entered into as of _____, 20__, by and between **SWEET CANDY FRANCHISE, LLC**, a Nevada limited liability company (**Franchisor**), on the one hand, and _____, husband and wife (collectively **Franchisee**) on the other hand, with reference to the following facts

A Franchisee has purchased the assets of a Sweet Factory store from an affiliate of Franchisor (the **Store**)

B Franchisor and Franchisee have entered into a Franchise Agreement (the **Agreement**), which they wish to modify by means of this Addendum, with respect to the operation of the Store and

C All capitalized terms not otherwise defined in this Addendum shall have the same meaning as in the Agreement

NOW, THEREFORE, IT IS AGREED

1 The following Paragraphs of the Agreement shall be deleted in their entirety and have no force or effect Paragraphs 3 1, 5 1 through and including 5 5, 11 5, 14 2 1, and 16 1 2

2 The following Paragraph shall be inserted into the Agreement and made a part thereof

'16 1 2 Except as may be approved in writing by Franchisor prior to Franchisee s purchase of the assets of the Store, Franchisee shall not employ or seek to employ any person who is or has been within the previous thirty (30) days employed by Franchisor or an affiliate of Franchisor as a salaried managerial employee, or otherwise directly or indirectly induce such person to leave his or her employment or'

3 This Addendum shall be considered an integral part of the Agreement between the parties hereto, and the terms of this Addendum shall be controlling with respect to the subject matter hereof Except as modified or supplemented by this Addendum, the terms of the Agreement are hereby ratified and confirmed

IN WITNESS WHEREOF, the parties hereto have executed this Addendum on the date first shown above

FRANCHISOR

SWEET CANDY FRANCHISE LLC
A Nevada limited liability company

By _____

FRANCHISEE

_____,
[ ] an individual,
[ ] a _____ general partnership,
[ ] a _____ limited partnership
[ ] a _____ limited liability company
[ ] a _____ corporation

By _____
Its _____, and individually

SWEET CANDY FRANCHISE, LLC

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT G

ADDENDUM FOR PURCHASE OF TURNKEY UNIT

SWEET CANDY FRANCHISE, LLC
EXHIBIT G

ADDENDUM FOR PURCHASE OF TURNKEY UNIT

THIS ADDENDUM FOR PURCHASE OF TURNKEY UNIT (the **Addendum**) is made and entered into as of _____, 20___, by and between **SWEET CANDY, LLC**, a Nevada limited liability company (**"Seller"**), on the one hand, and _____ (**"Buyer"**) on the other hand, with reference to the following facts

A On _____, Seller and Buyer entered into an Asset Purchase Agreement (the **Purchase Agreement**) pursuant to which has Seller agreed to sell, and Buyer agreed to purchase, the assets of a Sweet Factory store described on Attachment A to the Purchase Agreement from Seller before the store has opened for business, which Seller will construct furnish, equip, fixturize and decorate for Buyer (a **Turnkey Unit**) and which Buyer shall thereafter operate under a Franchise Agreement (the **Franchise Agreement"**) with Sweet Candy Franchise LLC, a Nevada limited liability company (**"Franchisor"**)

B Seller and Buyer wish to modify the Purchase Agreement by means of this Addendum with respect to the Turnkey Unit

C All capitalized terms not otherwise defined in this Addendum shall have the same meaning as in the Agreement

NOW, THEREFORE, IT IS AGREED

1 CONSTRUCTION OF TURNKEY UNIT

Seller shall construct furnish equip, fixturize and decorate the Turnkey Unit for Buyer in such manner and with such items of furniture equipment, fixtures and decorations as Seller shall determine necessary and appropriate in its sole and absolute discretion (the **Work**) Buyer acknowledges and agrees that Buyer shall have no input choice or opinion of any kind with respect to any items of furniture, equipment fixtures or decorations installed at the Turnkey Unit by Seller Seller shall construct furnish, equip, fixturize and decorate the Turnkey Unit in a diligent manner, but Seller and Buyer acknowledge and agree that Seller has not made and makes no covenants or representations of any sort whatsoever with respect to the completion date for the Work or the opening date of the Turnkey Unit for business Consequently Seller shall not be in breach of any obligations under the Purchase Agreement and/or this Addendum regardless of the length of time incurred to construct furnish, equip, fixturize and decorate the Turnkey Unit and to open the Turnkey Unit for business

2 INSPECTION AND WALK THROUGH

Seller shall notify Buyer of the anticipated construction completion date for the Turnkey Unit and, after construction is completed, Seller and Buyer shall conduct a walk through of the Turnkey Unit (the **Walk Through**) to determine the condition of the furniture, equipment, fixtures and decorations and leasehold improvements at the Turnkey Unit Seller shall prepare a written list of any repairs to be made by Seller at the Turnkey Unit following the Closing Date (the **Repair List** ') at the Walk Through The Repair List shall be the final and conclusive listing of all repairs to be made by Seller at the Turnkey Unit for all purposes and Seller shall have no responsibility whatsoever for any repairs which are not listed on the Repair List prepared at the Walk Through Seller shall complete work on the items on the Repair List within _____ (___) days following the Closing Date All repairs required after repairs to the items on the Repair List are completed by Seller shall be the sole and absolute responsibility of Buyer, at Buyer s sole expense

3 **TEMPORARY CERTIFICATE OF OCCUPANCY**

Buyer shall not open the Turnkey Unit without the express written authorization of Seller, which authorization may be conditioned upon completion of any pre-opening training required by Franchisor and Buyer s compliance with staffing and other requirements set forth in the Franchise Agreement and applicable to the operations of the Turnkey Unit Buyer shall open the Turnkey Unit for business on the date designated by Franchisor following the issuance of a temporary certificate of occupancy for the Turnkey Unit by applicable governmental authorities (the **Opening Date'**) If, for any reason Buyer does not open the Turnkey Unit for business on the Opening Date, Buyer shall, nonetheless, be responsible for the payment of all rent and other fees charges, expenses and costs that Buyer is obligated to pay Seller under the Sublease for the Turnkey Unit which accrue on or after the Opening Date, including but not limited to, real property taxes, utilities insurance and operating expenses (collectively **Rent**)

4 **PERMANENT CERTIFICATE OF OCCUPANCY**

Seller shall, following the Opening Date complete all Work required to obtain a permanent Certificate of Occupancy for the Turnkey Unit Seller and Buyer acknowledge and agree that Seller has not made, and makes no covenants or representations of any sort whatsoever with respect to the completion date for the Work required to obtain a permanent Certificate of Occupancy for the Turnkey Unit Consequently, Seller shall not be in breach of any obligations under the Purchase Agreement and/or this Addendum regardless of the length of time incurred to obtain a permanent Certificate of Occupancy for the Turnkey Unit If the Work necessary to obtain a permanent Certificate of Occupancy for the Turnkey Unit requires the closure of the Turnkey Unit for any period of time Buyer shall not be obligated to pay Seller any Rent while the Turnkey Unit remains closed, however Buyer shall be obligated to pay Rent so long as the Turnkey Unit remains open for business even if Seller has not completed the Work necessary to obtain a permanent Certificate of Occupancy for the Turnkey Unit until after the Opening Date Seller shall have the right, in its sole discretion, to either complete the Work necessary to obtain a permanent Certificate of Occupancy for the Turnkey Unit itself or to have Buyer complete such Work and to pay Buyer the reasonable costs to do so

5 **RATIFICATION OF PURCHASE AGREEMENT**

This Addendum shall be considered an integral part of the Purchase Agreement between the parties hereto, and the terms of this Addendum shall be controlling with respect to the subject matter hereof Except as modified or supplemented by this Addendum the terms of the Purchase Agreement are hereby ratified and confirmed

(SIGNATURES CONTINUE ON FOLLOWING PAGE)

IN WITNESS WHEREOF the parties hereto have executed this Addendum on the date first shown above

SELLER

SWEET CANDY LLC
A Nevada limited liability company

By _____

BUYER

_____,

[ ] an individual,
[ ] a _____ general partnership,
[ ] a _____ limited partnership,
[ ] a _____ limited liability company,
[ ] a _____ corporation

By _____
Its _____, and individually

SWEET CANDY FRANCHISE, LLC

AREA DEVELOPMENT AGREEMENT

SWEET CANDY FRANCHISE, LLC

AREA DEVELOPMENT AGREEMENT
TABLE OF CONTENTS

1	GRANT AND TERM	2
2	DEVELOPMENT FEE AND OBLIGATIONS	3
3	SITE SELECTION	4
4	CONFIDENTIAL INFORMATION	5
5	TRANSFER OF INTEREST	5
6	DEFAULT AND TERMINATION	10
7	OBLIGATIONS UPON TERMINATION OR EXPIRATION	12
8	COVENANTS	13
9	DEVELOPER AS A CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP	14
10	INDEPENDENT CONTRACTOR AND INDEMNIFICATION	15
11	APPROVALS, WAIVERS AND NOTICES	16
12	ENTIRE AGREEMENT, SEVERABILITY AND CONSTRUCTION	17
13	APPLICABLE LAW	19
14	ACKNOWLEDGMENTS	20

ATTACHMENTS

Attachment A	Development Schedule
Attachment B	Development Area
Attachment C	Franchise Agreement
Attachment D	Guarantees
Attachment E	State Specific Amendments
Attachment F	Entity Information

SWEET CANDY FRANCHISE, LLC
AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (this "**Agreement**) is made and entered into as of _____, 20___, by and between **SWEET CANDY FRANCHISE, LLC**, a Nevada limited liability company ("**Franchisor**") and _____ ("**Developer**"), with reference to the following facts

A Sweet Candy, LLC, a Nevada limited liability company, an affiliate of Franchisor (the **Operating Company**), has, as the result of the expenditure of time, skill, effort and money, developed a distinctive system relating to the establishment and operation of self-service candy stores offering one-price candy and confections in bulk (the **System**)

B The distinguishing characteristics of the System include, without limitation candy, gifting and novelty items which incorporate Franchisor's trade secrets and proprietary information (the "**Proprietary Products**"), operating methods and business practices, the relationship between Franchisor and its franchisees distinctive exterior and interior design decor, color scheme, fixtures, and furnishings standards and specifications for products and supplies service standards uniform standards, specifications, and procedures for operations procedures for inventory and management control training and assistance advertising and promotional programs Franchisor s websites Franchisor specified pricing restrictions on ownership, standard operating and administrative procedures, and management and technical training programs all of which may be changed, improved and further developed by Franchisor from time to time

C The System is identified by means of certain trade names, service marks, trademarks logos, emblems and indicia of origin, including but not limited, to the marks **Sweet Factory** ' and such other trade names service marks, and trademarks as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System (the **Proprietary Marks**')

D Franchisor has the right to use, and to license others to use, the Proprietary Marks and the System from its affiliate

E Franchisor continues to develop use, and control the use of the Proprietary Marks in order to identify for the public the source of services and products marketed under this Agreement and under the System, and to represent the System s high standards of quality appearance and service

F Developer desires to obtain certain development rights to develop Sweet Factory stores under the System which use the Proprietary Marks (a **Store** or the "**Stores**") and wishes to obtain franchises from Franchisor for that purpose Developer represents and warrants to Franchisor, as an inducement to Franchisor s execution of this Agreement that all statements made by Developer and all materials provided to Franchisor by Developer in connection with the grant of these development rights to Developer are accurate and complete and that Developer has made no misrepresentations or material omissions in connection with obtaining these development rights Franchisor grants this franchise in reliance upon each and all of Developer s representations

G Franchisor has decided, based on the information provided by Developer to Franchisor, to grant such development rights to Developer, pursuant to the terms and conditions set forth in this Agreement

NOW, THEREFORE, IT IS AGREED

1 GRANT AND TERM

1 1 Grant Franchisor hereby grants to Developer the right, and Developer accepts the obligation, pursuant to the terms and conditions of this Agreement, to establish and operate not less than the cumulative number of Stores (the **Minimum Development Obligation**) set forth in the development schedule described on **Attachment A** (the **Development Schedule** ') Each Store developed under this Agreement shall be located in the area described in **Attachment B** (the **Development Area**) and at a specific site approved by Franchisor within the Development Area (a ' **Franchised Location**), and shall be established and operated pursuant to a separate franchise agreement (a **Franchise Agreement**") to be entered into between Developer and Franchisor in accordance with Paragraph 2 2 of this Agreement Any increase or decrease in the size of any of the cities included within the Development Area shall have no effect on the Development Area as it is described in **Attachment A** Each Store shall be established and operated by Developer or by an entity controlling, controlled by, or under common control with, Developer

1 2 Protected Development Area During the term of this Agreement, neither Franchisor nor an affiliate of Franchisor shall establish or operate or franchise other persons to establish or operate a Sweet Factory Store which is located within the Development Area, however this restriction shall not apply to any Sweet Factory Store located within the Development Area as of the date of Developer s execution of this Agreement Developer shall not have the right to sublicense, sublease, subcontract or enter into any management agreement providing for the right to operate a Store or to use the System Franchisor and its affiliates retain the right among others, in any manner and on any terms and conditions that Franchisor deems advisable, and without granting Developer any rights therein

1 2 1 To own acquire establish and/or operate, and license others to establish and operate, Sweet Factory Stores outside the Development Area

1 2 2 To own acquire establish and/or operate and license others to establish and operate businesses under other proprietary marks or other systems, whether such businesses are the same, similar, or different from the Store, at any location within or outside the Development Area,

1 2 3 To sell or distribute at retail or wholesale, directly or indirectly, or license others to sell or distribute, any products or services which bear any proprietary marks, including the Proprietary Marks whether within or outside the Development Area

1 2 4 To produce, license distribute and market Sweet Factory candy and confections, clothing, souvenirs and novelty items through any outlet (regardless of its proximity to a Store) including grocery stores supermarkets and convenience stores and through any distribution channel at wholesale or retail, including by means of the World Wide Web section of the Internet, mail order catalogs, direct mail advertising and other distribution methods, and

1 2 5 To own, acquire, establish and/or operate and grant others the right to develop, own operate and issue franchises and licenses to others to develop own and operate other methods and channels of distribution utilizing the Proprietary Marks and the System, including, without limitation, toll-free 1-800 1-888 and 1-877 telephone numbers domain names, URLs on-line computer networks and services, the Internet kiosks carts, concessions, satellite units, other mobile, remote limited service or non-permanent facilities or other retail operations as a part of larger retail venues such as department stores, supermarkets, shopping malls or in public areas such as amusement parks, airports, train stations, public facilities, college and

school campuses arenas stadiums, hospitals, office buildings convention centers airlines (in-flight service) and military bases

1 3 **No Right to Use Proprietary Marks or System** This Agreement is not a Franchise Agreement and does not grant Developer any right to, use or to franchise the use of, the Proprietary Products the Proprietary Marks or the System

1 4 **Term** Unless sooner terminated as provided in this Agreement, the term of this Agreement and all rights granted under this Agreement shall expire on the date set forth in the Development Schedule as the date the final Store is to be opened for business Following the expiration of the term of this Agreement or the sooner termination of this Agreement Franchisor and its affiliates may construct, equip, open and operate and license others the rights to construct, equip, open and operate additional Sweet Factory Stores at any location within the Development Area, without restriction, subject to any territorial rights granted for any then existing Store under the applicable Franchise Agreement executed for that Store

1 5 **Developer May Not Exceed Minimum Development Obligation** Unless Franchisor otherwise agrees in writing, Developer may not construct, equip, open or operate more than the cumulative number of Stores comprising the Minimum Development Obligation

2 DEVELOPMENT FEE AND OBLIGATIONS

2 1 **Development Fee** Upon execution of this Agreement, Developer shall pay Franchisor a development fee of $10,000 for each Store to be developed pursuant to this Agreement, or an aggregate of $_____, which fee has been fully earned, and is non-refundable in whole or in part in consideration of administrative and other expenses incurred by Franchisor and for the development opportunities lost or deferred as a result of the rights granted Developer under this Agreement

2 2 **Execution of Franchise Agreements** Developer shall execute a Franchise Agreement for each Store to be franchised, the form of which, in each instance shall be that which is then currently being offered by Franchisor to new franchisees for Sweet Factory Stores The current form of Franchise Agreement is attached as **Attachment C** Developer shall execute and deliver each Franchise Agreement to Franchisor on or before the date specified for the execution of such Franchise Agreement in the Development Schedule If Franchisor is not legally able to deliver its Franchise Disclosure Document to Developer by reason of any lapse or expiration of its franchise registration or because Franchisor is in the process of amending any such registration, or for any reason beyond Franchisor s reasonable control, Franchisor may delay the submission and execution of the Franchise Agreement until such time as Franchisor is legally able to deliver a Franchise Disclosure Document in which case the time period available for Developer to develop and open the subject Store shall be extended by the number of days Franchisor has delayed delivery of the Franchise Agreement to Developer Notwithstanding any contrary provision in any form of Franchise Agreement executed by Developer, the initial franchise fee to be paid under the Franchise Agreement for each Store shall be the fee as stated in the Development Schedule

2 3 **Development Schedule** Recognizing that time is of the essence under this Agreement Developer shall satisfy the Development Schedule by executing Franchise Agreements and opening Stores within the time established in the Development Schedule Failure by Developer to adhere to any date set forth in the Development Schedule for the Minimum Development Obligation shall constitute a default under this Agreement except as otherwise provided in Paragraph 2 4 of this Agreement

2 4 **Force Majeure** Neither Party will be in default in the performance of its obligations under this Agreement if such performance is prevented or delayed due to Force Majeure If Developer is unable to meet

the Minimum Development Obligation required under the Development Schedule solely as a result of Force Majeure, the Development Schedule shall be extended by an amount of time equal to the time period during which the Force Majeure shall have existed **Force Majeure'** means any event that is reasonably unforeseeable as of the date of this Agreement and that is beyond the reasonable control, directly or indirectly of a party the effects of which could not reasonably be prevented or avoided by that party with the exercise of commercially reasonable efforts and due diligence and which event does not result from the party s fault or negligence or the fault or negligence of its agents, employees or subcontractors and which event causes that party to be delayed, in whole or in part or unable to partially or wholly perform its obligations under this Agreement and subject to the satisfaction of the foregoing criteria shall include (a) acts of God (such as tornadoes, earthquakes hurricanes floods, fire or other natural catastrophe), (b) strikes lockouts or other industrial disturbances, (c) war terrorist acts, riot, or other civil disturbance, (d) unilateral governmental action impacting restaurants generally, and (e) epidemics, transportation shortages inadequate supply of labor, material or energy or a party foregoing the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations recommendations or instructions of any federal state or municipal government or any department or agency In the event of the occurrence of an event constituting Force Majeure, the Party claiming the extension by Force Majeure shall notify the other Party in writing within ten (10) days after commencement of the Force Majeure of the specific nature and extent of the Force Majeure, and how it has impacted that Party s performance hereunder The particular time period to which the event of Force Majeure applies shall be extended by an amount of time equal to the time period during which the Force Majeure shall have existed The Party claiming the extension by Force Majeure shall continue to provide the other Party with updates and all information as may be requested by the other Party, including that Party's progress and diligence in responding to and overcoming the Force Majeure

3 SITE SELECTION

3 1 **Franchised Locations** Franchisor and Operating Company shall assist Developer in identifying and selecting sites for the Stores Notwithstanding the assistance of Developer in identifying and selecting a site for the Stores, the final decision regarding the selection and approval of a site and the terms for the acquisition of same shall be made solely by Operating Company and Franchisor

3 1 1 Developer shall have the right to submit proposed sites for Franchisor s approval in the manner designated by Franchisor from time to time so long as Developer has determined that the sites are available on generally acceptable terms

3 1 2 Franchisor will review each proposed site, whether submitted by Developer or identified by Franchisor or Operating Company and approve reject or provide comments to Developer regarding the site within thirty (30) days after receipt by Franchisor and Operating Company of all documents and information regarding the site

3 1 3 Developer shall have thirty (30) days to accept or reject a site for a Store following Franchisor s submission of the site to Developer Developer's failure to accept a proposed site in writing within such thirty (30) day period shall be considered Developer s rejection of the site If Developer rejects or is considered to have rejected a proposed site, the site may then be offered to other franchise candidates of Franchisor

3 1 4 Franchisor shall offer sites to Developer under the foregoing terms and conditions until Developer has satisfied the Minimum Development Obligation

3 1 5 Following selection and approval of a site for a Store, Franchisor, at Franchisor s sole discretion, shall either (i) cause Operating Company to secure a lease for the site (the **Master Lease**) on terms acceptable to the landlord (the **Master Landlord'**), Operating Company Franchisor and Developer, or (ii) require Developer to enter into a lease (a **Lease**) with a third party landlord (a **Landlord**) for the Franchised Location Following the execution of a Master Lease by a Master Landlord and Operating Company, Operating Company and Developer shall enter into Franchisor's then-current sublease (the **Sublease**) for the Franchised Location

3 2 **Franchise Agreement** Franchisor and Developer shall execute Franchisor s then-current Franchise Agreement in the form then being provided to prospective developers and franchisees of Franchisor, the terms of which, including, without limitation, the amount of the royalty fee and advertising fee, may differ materially and be less advantageous to Developer than the terms of Franchisor s current Franchise Agreement After Franchisor s acceptance of the site, lease or purchase agreement, Developer s execution of a Franchise Agreement and payment of the applicable initial franchise fee and Franchisor's delivery of a fully executed Franchise Agreement to Developer, Developer shall then procure the site pursuant to the form of lease or purchase agreement reviewed and accepted by Franchisor and shall forward to Franchisor, within ten (10) days after its execution, one copy of the executed lease or purchase agreement and, if purchased, the deed evidencing Developer s right to occupy the site Developer shall then commence construction and operation of the Store at the site pursuant to the terms of the Franchise Agreement

3 3 **Condition Precedent to Franchisor's Obligation** Franchisor shall not be required to execute any Franchise Agreement if, at the time scheduled for execution, Developer (or any guarantor, officer or director of or a shareholder in Developer, if Developer is a corporation or a general or limited partner of Developer if Developer is a partnership, or a member if Developer is a limited liability company) or any other developer or franchisee of Franchisor which controls is controlled by, or is under common control with Developer (a **Developer Affiliate**), shall be in default of any of the terms or provisions of this Development Agreement or of any other agreement between Franchisor, or its affiliates, and Developer

4 CONFIDENTIAL INFORMATION

4 1 **Confidential Information** Developer acknowledges and agrees that the System is comprised of confidential information that has been developed by Franchisor and its affiliates by the investment of time skill effort and money and is widely recognized by the public, is of substantial value and is proprietary confidential and constitutes trade secrets of Franchisor and its affiliates and includes without limitation, tangible and intangible information (whether or not in electronic form) relating to Franchisor's business operations, products and services, sources of materials and equipment, client management and other software, data, other content, formulations, patterns, compilations, programs devices and processes, business relationships, contact information for industry professionals, designs, developmental or experimental work and services improvements discoveries plans for research potential new or supplemental products and services websites advertisements or ancillary products and services, marketing and selling methods and/or plans, business plans, budgets and unpublished financial statements, licenses prices and costs vendors, collaborators, current customer and prospective customer names and addresses information regarding credit extensions to customers customer service purchasing histories and prices charged to customers information regarding the skills and compensation of employees and contractors of Franchisor, designs drawings, specifications source code, object code, documentation, diagrams, flowcharts, research, development, marketing techniques and materials, trademarks, trade secrets sales/license techniques, inventions, copyrightable material, trademarkable material, databases, relationships between Franchisor and other companies, persons or entities, knowledge or know-how concerning the methods of operation of Stores which may be communicated to Developer or of which Developer may be apprised, under the terms of this Agreement and any other information or material

considered proprietary by Franchisor whether or not designated as confidential information by Franchisor that is not generally known by the public, or which derives independent economic value (actual or potential) from not being generally known to the public or persons unaffiliated with Franchisor or its affiliates and which is the subject of efforts by Franchisor that are reasonable under the circumstances to maintain its secrecy, and any other information in oral written, graphic or electronic form which, given the circumstances surrounding its disclosure, would be considered confidential (collectively the **Confidential Information**) Confidential Information does not include any information that was in the lawful and unrestricted possession of Developer prior to its disclosure by Franchisor, is or becomes generally available to the public by acts other than those of Developer after receiving it, has been received lawfully and in good faith by Developer from a third party who did not derive it from Franchisor or Developer or is shown by acceptable evidence to have been independently developed by Developer

4 2 **Value** Developer acknowledges and agrees the Confidential Information is not generally known by the public or parties other than Franchisor its affiliates its franchisees and Developer, derives independent economic value (actual or potential) from not being generally known to the public or persons unaffiliated with Franchisor or Developer, and is the subject of efforts by Franchisor that are reasonable under the circumstances to maintain the secrecy of the Confidential Information including, without limitation (i) not revealing the Confidential Information to unauthorized parties, (ii) requiring Sweet Factory franchisees to acknowledge and agree in writing that the Confidential Information is confidential (iii) requiring Sweet Factory franchisees to agree in writing to maintain the confidentiality of the Confidential Information, (iv) monitoring electronic access to the Confidential Information by the use of passwords and other restrictions so that electronic access to the Confidential Information is limited to authorized parties, and (v) requiring its franchisees to return all Confidential Information to Franchisor upon the expiration or termination of their Franchise Agreements

4 3 **Maintain Confidentiality** Developer shall not during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of anyone else, any information that Franchisor considers its trade secrets and/or Confidential Information Developer shall divulge such Confidential Information only to such of its employees who must have access to it in order to perform their employment responsibilities

4 4 **Irreparable Injury from Disclosure of Confidential Information** Developer acknowledges that failure to comply with the requirements of this Section 4 will result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Developer consents to the issuance of and agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, without the posting of any bond an ex parte or other order for injunctive or other legal or equitable relief with respect to the requirements of this Section 4

4 5 **Confidentiality Covenants from Individuals Associated with Developer** Developer shall require any employee who may have access to any Confidential Information of Franchisor to execute covenants that they will maintain the confidentiality of the Confidential Information they receive in connection with their association with Developer Such covenants shall be in a form satisfactory to Franchisor, including, without limitation, specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them

5 TRANSFER OF INTEREST

5 1 **Transfer by Franchisor** Franchisor shall have the right to transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity With respect to any assignment which results in the subsequent performance by the assignee of all of Franchisor s obligations under this Agreement

the assignee shall expressly assume and agree to perform such obligations and shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment In addition, and without limitation to the foregoing, Developer expressly affirms and agrees that Franchisor and or its affiliates may sell their assets the Proprietary Marks or the System, may sell securities in a public offering or in a private placement may merge, acquire other corporations, or be acquired by another corporation, and may undertake a refinancing recapitalization leveraged buy-out, or other economic or financial restructuring

5 2 **Transfer by Developer** Developer understands and acknowledges that the rights and duties set forth in this Agreement are personal to Developer, and that Franchisor has granted these rights in reliance on Developer s (or, if Developer is a corporation, partnership, or limited liability company, its principals) business skill, financial capacity and personal character Accordingly, neither Developer nor any immediate or remote successor to any part of Developer s interest in this Agreement, nor any individual, partnership corporation or other legal entity which directly or indirectly owns any interest in Developer shall sell, encumber, assign transfer, convey, pledge, merge, or give away any direct or indirect interest in this Agreement, in Developer or in all or substantially all of the assets of the Stores without the prior written consent of Franchisor Any change in the control of Developer shall be deemed a transfer for purposes of this Agreement Developer acknowledges and agrees that Developer will not be permitted to assign any Store or Franchise Agreement executed pursuant to this Agreement except in conjunction with a concurrent assignment to the same assignee of all of the Franchise Agreements executed pursuant to this Agreement or, at Franchisor s election the execution bv the assignee of new franchise agreements in Franchisor s then-current form for each of the Stores then developed or under development by Developer and otherwise in accordance with the terms and conditions of Developer s Franchise Agreement(s) Any purported assignment or transfer not having the written consent of Franchisor required by this Paragraph 5 2 shall be null and void and shall constitute a breach of this Agreement for which Franchisor may immediately terminate without opportunity to cure pursuant to Paragraph 6 2 4 of this Agreement

5 3 **Requirements for Transfer by Developer** Franchisor may, in its sole discretion, require any or all of the following as conditions of its consent to a transfer set forth in Paragraph 5 2

5 3 1 Developer shall not be in default of any provision of this Agreement, anv amendment of this Agreement or successor hereto, or any other agreement between Developer and Franchisor, or its affiliates

5 3 2 The transferor (and if the transferor is other than an individual, the transferor and such other owners of a beneficial interest in the transferor as Franchisor may request) shall execute a general release, in a form prescribed by Franchisor, of any and all claims which the transferor may have or believes to have against Franchisor and/or its affiliates and their respective officers, directors, agents and employees, whether the claims are known or unknown, which are based on arise from or relate to this Agreement and the Stores, as well as claims known or unknown which are not based on do not arise from or do not relate to this Agreement or the Stores but which relate to other franchise agreements, stores, franchised locations and other agreements between Franchisor or its affiliates, and Developer which arose on or before the date of the general release including, without limitation all obligations, liabilities, demands, costs, expenses, damages claims, actions and causes of action, of whatever nature character or description arising under federal, state and local laws, rules and ordinances

5 3 3 The transferee (or, if the transferee is other than an individual a principal of the transferee approved by Franchisor) shall demonstrate to Franchisor s satisfaction that the terms of the proposed assignment do not place an unreasonable financial burden on the transferee, and Developer understands and acknowledges that Franchisor shall be entitled, in connection with assessing the financial burden placed upon

any prospective assignee to share with such prospective assignee information relating to the Store including information in Franchisor s possession relating to operations and sales at the Store

5 3 4 The transferee (or, if the transferee is other than an individual, a principal of the transferee approved by Franchisor) shall demonstrate to Franchisor s satisfaction that the terms of the proposed assignment do not place an unreasonable operational burden on the transferee, and that the transferee meets Franchisor s standards for (a) work experience and aptitude (b) character and reputation, (c) absence of conflicting interests, and (d) such other criteria and conditions as Franchisor shall then consider relevant in the case of an application for a new developer by an applicant not currently operating any Stores

5 3 5 At Franchisor s request the transferee (and if the transferee is other than an individual such principals of the transferee as Franchisor may request) shall execute, for a term ending on the expiration date of this Agreement, the current standard form Development Agreement (and individual guarantees) then being offered to new developers, which Development Agreement shall supersede this Agreement in all respects and the terms of which Development Agreement may differ materially from the terms of this Agreement and may be less favorable to the transferee provided however, that the transferee shall not be required to pay any development fees

5 3 6 The transferee and each partner shareholder or member of the transferee as the case may be, must be a United States citizen or lawful resident alien of the United States and must have sufficient literacy and fluency in the English language sufficient, in Franchisor s opinion to communicate with employees, customers, and suppliers of Franchisor and to satisfactorily complete Franchisor s required training program and such other tests and interviews as Franchisor shall reasonably deem to be necessary or desirable Developer shall provide Franchisor with such information as Franchisor may require to make a determination concerning such proposed transfer,

5 3 7 Except in the case of a transfer to a corporation formed for the convenience of ownership, where the ownership of such corporation is in the same proportion as the ownership of Developer before such transfer, a transfer fee in an amount designated by Franchisor, but which shall not exceed $10,000 shall be paid by Developer to Franchisor If Developer desires to conduct business in a corporate capacity Franchisor will consent to the assignment of this Agreement to a corporation, provided that (i) the corporation shall be and shall remain a closely-held corporation, (ii) the stock certificates issued by the corporation shall contain a restriction on transfer referencing this Development Agreement, in a form required by Franchisor (iii) the ownership of the assignee corporation shall be in the same proportion as the ownership of Developer before the transfer, and (iv) none of the shares of stock in the assignee corporation shall be held by a business competitor of Franchisor Developer shall pay an administrative fee of $500 00 per transfer to a corporation, partnership or limited liability company where such transfer is for the convenience of ownership only At the time of request for a transfer for the convenience of ownership Developer shall submit the following documents to Franchisor and Franchisor shall review and approve such documents within thirty (30) days thereafter

a) For an assignment to a closely-held corporation Developer shall provide to Franchisor a (i) file stamped copy of the Articles of Incorporation and By-laws of the proposed assignee corporation, (ii) a sample stock certificate (iii) a Certificate of Good Standing in the state in which the corporation is authorized to do business and the state in which the corporation will conduct the business pursuant to this Franchise Agreement (iv) a list of officers and their percentage ownership of the stock of the corporation and (v) a list of directors of the corporation

b) For an assignment to a partnership Developer shall provide to Franchisor a (i) file stamped copy of the Certificate of Limited Partnership (if applicable) or the Statement of Partnership, and (ii) a

copy of the fully executed Partnership Agreement, containing an exhibit showing the percentage of ownership in the partnership by all partners

c) For an assignment to a limited liability company, Developer shall provide to Franchisor a (i) Certificate of Formation of Limited Liability Company and (ii) a fully executed copy of the Operating Agreement, containing an exhibit showing the percentage of ownership of all members in the limited liability company

5 3 8 Developer shall remain liable for all of its obligations to Franchisor and its affiliates which arose prior to the effective date of the transfer, and shall execute any documents reasonably requested by Franchisor to evidence such liability

5 3 9 Developer shall have paid all amounts due to Franchisor

5 3 10 Developer and the transferee/assignee shall use an independent third party escrow company in connection with their purchase and sale transaction

5 4 **Granting of a Security Interest by Developer** Developer shall not grant a security interest in Developer or in any of the assets of Developer without first obtaining the prior written consent of Franchisor Franchisor s consent or refusal to consent may be based upon whatever factors Franchisor in its sole discretion, deems economically and commercially reasonable in protecting Franchisor s interests and the relationship created under this Agreement Under any circumstances however, Franchisor shall not consent to any such granting of a security interest unless all of the following conditions are met

5 4 1 Such security is granted only for the purpose of securing a loan in favor of Developer, which loan shall only be for the development of the Stores,

5 4 2 In the event of any default by Developer under any documents in any way relating to the security interest or the loan to which it relates Franchisor shall have the right at its sole option (but not the obligation) to cure any such default and/or to be substituted as obligor to the lender whose interests are secured by such security interest,

5 4 3 In the event of any such default and if Franchisor chooses to be substituted as obligor Franchisor shall be so substituted in all respects on the same terms and conditions to which Developer was subject except that any acceleration of the obligations secured, due to Developer s default shall be void upon cure by Franchisor,

5 4 4 The sales price of the interest to be conveyed must not be so high or the terms of the sale so onerous, that in the judgment of Franchisor, the transferee will be unlikely to properly maintain, operate and promote the franchised business and meet the transferee s financial and other obligations to Franchisor third party suppliers and creditors This provision shall not create any liability to either transferor or transferee on the part of Franchisor, in the event that Franchisor approves the transfer and the transferee experiences financial difficulties

5 4 5 Such other conditions and terms as Franchisor shall deem necessary and/or prudent to protect its interests under this Agreement

5 5 **Right of First Refusal** If any party holding any direct or indirect interest in this Agreement, in Developer, or in all or substantially all of the assets of Developer desires to accept any bona fide offer from a

third party to purchase such interest, Developer shall notify Franchisor of such offer at least thirty (30) days before such transfer is proposed to take place and shall provide such information and documentation relating to the offer as Franchisor may require Franchisor shall have the right and option, exercisable within thirty (30) days after receipt of such written notification and any background materials concerning the proposed transfer that Franchisor shall reasonably request to send written notice to the seller that Franchisor intends to purchase the seller s interest on the same terms and conditions offered by the third party If Franchisor elects to purchase the seller s interest the closing on such purchase shall occur within thirty (30) days from the date of notice to the seller of the election to purchase by Franchisor If Franchisor declines to purchase the seller s interest, Developer shall have ninety (90) days from the earlier of (a) receipt of a notice from Franchisor declining to exercise its right of first refusal or (b) thirty (30) days after Franchisor's receipt of the transferor s written notification of the proposed transfer to close on the transfer of such interest subject to Franchisor s approval pursuant to Paragraph 5 3 Failure to effect a transfer with the third party within the ninety (90) day period or any material change thereafter in the terms of the offer prior to closing shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of the third party s initial offer Failure of Franchisor to exercise the option afforded by this Paragraph 5 5 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 5, with respect to a proposed transfer In the event the consideration terms and/or conditions offered by a third party are such that Franchisor may not reasonably be required to furnish the same consideration terms, and/or conditions then Franchisor may purchase the interest proposed to be sold for the reasonable equivalent in cash If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party an independent appraiser shall be designated by Franchisor at Franchisor s expense, and the appraiser s determination shall be binding

5 6 **Transfer Upon Death or Incapacitation** Upon the death or permanent incapacity (mental or physical) of any person with an interest in this Agreement in Developer or in all or substantially all of the assets of Developer, the executor, administrator or personal representative of such person shall transfer such interest to a third party approved by Franchisor within six (6) months after such death or mental incapacity Such transfers, including without limitation, transfers by devise or inheritance shall be subject to the same conditions as any inter vivos transfer except that the transfer fee shall be waived In the case of transfer by devise or inheritance however, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Section 5, the executor, administrator or personal representative of the decedent shall transfer the decedent s interest to another party approved by Franchisor within six (6) months which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement If the interest is not disposed of within such period Franchisor may at its option terminate this Agreement, pursuant to Paragraph 6 2 6 of this Agreement

5 7 **Non-Waiver of Claims** Franchisor s consent to a transfer shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor s right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee

5 8 **Securities in Developer** The sale of securities in Developer is subject to all of the conditions to transfer set out in Paragraphs 5 2 and 5 3 of this Agreement All materials required for such offering by federal or state law shall be submitted to Franchisor for review prior to filing with any government agency, and any materials to be used in any exempt offering shall be submitted to Franchisor for review prior to their use No Developer offering shall imply by use of the Proprietary Marks or otherwise, that Franchisor is participating in an underwriting, issuance, or offering of securities of either Developer or Franchisor, and Franchisor s review of any offering shall be limited solely to the subject of the relationship between Developer and Franchisor Developer and the other participants in the offering must fully indemnify Franchisor in connection with the offering For each proposed offering, Developer shall pay to Franchisor a non-refundable fee of twenty-five

thousand dollars ($25 000) at the time that Developer submits materials for review by Franchisor Developer shall give Franchisor written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Paragraph 5 8 Any such offering shall be subject to Franchisor s right of first refusal as provided in Paragraph 5 5 of this Agreement

5 9 **Transfer by Developer in Bankruptcy - Right of First Refusal** If, for any reason, this Agreement is not terminated pursuant to Paragraph 6 1 and this Agreement is assumed, or assignment of the same to any person or entity who has made a bona fide offer to accept an assignment of this Agreement is contemplated pursuant to the United States Bankruptcy Code, then notice of such proposed assignment or assumption setting forth (a) the name and address of the proposed assignee, and (b) all of the terms and conditions of the proposed assignment and assumption shall be given to Franchisor within twenty (20) days after receipt of such proposed assignee's offer to accept assignment of this Agreement, and, in any event within ten (10) days prior to the date application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption, and Franchisor shall thereupon have the prior right and option, to be exercised by notice given at any time prior to the effective date of such proposed assignment and assumption, to accept an assignment of this Agreement to Franchisor itself upon the same terms and conditions and for the same consideration, if any, as in the bona fide offer made by the proposed assignee, less any brokerage commissions which may be payable by Developer out of the consideration to be paid by such assignee for the assignment of this Agreement

5 10 **No Subfranchising by Developer** Developer shall not offer, sell, or negotiate the sale of Sweet Factory Store franchises to any third party, either in Developer s own name or in the name of and/or on behalf of Franchisor or otherwise subfranchise, subcontract sublicense, share, divide or partition this Agreement, and nothing contained in this Agreement will be construed as granting Developer the right to do so Developer shall not execute any Franchise Agreement with Franchisor, or construct or equip any Store with a view to offering or assigning such Franchise Agreement or Store to any third party

6 DEFAULT AND TERMINATION

6 1 **Termination In the Event of Developer's Bankruptcy or Insolvency** Developer shall be deemed to be in default under this Agreement and all rights granted to Developer of this Agreement shall automatically terminate without notice to Developer if Developer becomes insolvent or makes a general assignment for the benefit of creditors, if a petition in bankruptcy is filed by Developer or such a petition is filed against and not opposed by Developer, if Developer is adjudicated as bankrupt or insolvent, if a bill in equity or other proceeding for the appointment of a receiver of Developer or other custodian for Developer s business or assets is filed and consented to by Developer, if a receiver or other custodian (permanent or temporary) of Developer s assets or property, or any part thereof is appointed by any court of competent jurisdiction if proceedings for a composition with creditors under any state or federal law is instituted by or against Developer, if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed), if Developer is dissolved, if execution is levied against Developer s business or property, if suit to foreclose any lien or mortgage against Developer s business premises or equipment is instituted against Developer and not dismissed within thirty (30) days, or if the real or personal property of Developer s business shall be sold after levy thereupon by any sheriff, marshal, or constable

6 2 **Termination With Notice and Without Opportunity to Cure** Developer shall be in default under this Agreement and Franchisor may at its option terminate this Agreement and all rights granted under this Agreement, without affording Developer any opportunity to cure the default, effective immediately upon receipt of notice by Developer upon the occurrence of any of the following events

6 2 1 If Developer (or an officer, director, shareholder, general or limited partner or member) is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks the goodwill associated therewith or Franchisor s interest therein

6 2 2 If Developer fails to comply with the Development Schedule,

6 2 3 If any of Developer s Franchise Agreements or any other agreement between Developer and Franchisor or its affiliates is terminated due to a breach or default by Developer,

6 2 4 If any purported assignment or transfer of any direct or indirect interest in this Agreement in Developer, or in all or substantially all of Developer's assets is made to any third party without Franchisor s prior written consent, contrary to the terms of Section 7 of this Agreement,

6 2 5 If, contrary to the terms of Section 4 of this Agreement Developer or any principal or employee of Developer discloses or divulges the contents of the Manual or other Confidential Information provided to Developer by Franchisor,

6 2 6 If an approved transfer as required by Paragraph 5 6 of this Agreement, is not effected within the time provided following death or mental incapacity,

6 2 7 If Developer fails to comply with the covenants in Paragraph 8 1 of this Agreement or fails to obtain execution of and deliver the covenants required under Paragraph 8 5 of this Agreement,

6 2 8 If Developer or any principal of Developer has made any material misrepresentations in connection with Developer s application to Franchisor for the development rights granted of this Agreement,

6 2 9 If Developer fails to obtain or maintain required insurance coverage, or

6 2 10 If Developer, after curing a default pursuant to Paragraph 6 3 of this Agreement, commits the same similar, or different default, whether or not cured after notice,

6 2 11 If Developer or a Developer Affiliate fails to comply with any or all of the terms of this Agreement or any other agreement between Franchisor or its affiliates, and Developer within ten (10) days after receipt of written notice from Franchisor to do so

6 2 12 If Developer fails for a period of 10 days after notification of noncompliance, to comply with any federal state or local law or regulation applicable to the operation of the franchise, or

6 2 13 If Developer shall default in any obligation under this Agreement or any other agreement between Franchisor and Developer that by its nature is not capable of being cured by Developer

6 3 **Termination With Notice and Opportunity to Cure** Except as provided in Paragraphs 6 1 and 6 2 of this Agreement Developer shall have thirty (30) days after its receipt from Franchisor of a written Notice of Termination within which to remedy any default under this Agreement and to provide evidence thereof to Franchisor If any such default is not cured within the specified time or such longer period as applicable law may require this Agreement shall terminate without further notice to Developer effective immediately upon expiration of the thirty (30) day period or such longer period as applicable law may require Developer shall be in default pursuant to this Paragraph 6 3 for failure to substantially comply with any of the requirements

imposed by this Agreement, as it may from time to time reasonably be modified or supplemented by the Manual, or for failure to carry out the terms of this Agreement in good faith

6 4 **Franchisor's Options At Termination** Upon any default under Paragraphs 6 2 or 6 3 of this Agreement Franchisor may immediately take any one or more of the following actions, by written notice to Developer

6 4 1 Terminate this Agreement and all rights granted to Developer under this Agreement,

6 4 2 Accelerate or decelerate the Development Schedule,

6 4 3 Reduce the Minimum Development Obligation required under this Agreement

6 4 4 Eliminate or diminish Developer s rights as set forth in Paragraph 1 2 of this Agreement, with respect to the Development Area or the size of the Development Area or the Minimum Development Obligation and/or

6 4 5 Increase the franchise fee to be paid by Developer from the fee set forth in the Development Schedule provided, however, that, in no event shall such fee exceed the then-current initial fee collected by Franchisor in connection with the execution of a single Franchise Agreement for a Sweet Factory Store

6 5 **Cross-Default** Any default by Developer under the terms and conditions of this Agreement any Franchise Agreement, Lease or Master Lease or Sublease, or any other agreement between Franchisor, or its affiliates and Developer, shall be deemed to be a default of each and every other such agreement In the event of the termination of this Agreement for any cause or the termination of any other agreement between Franchisor, or its affiliates and Developer Franchisor may at its option terminate any or all of such other agreements

7 OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, all rights granted under this Agreement to Developer shall forthwith terminate and

7 1 **No Right to Open Additional Stores** Developer shall have no right to establish or operate any Store for which a Franchise Agreement has not been executed by Franchisor at the time of termination

7 2 **Franchisor's Right to Establish Stores** Franchisor shall have the right to establish and to franchise others to establish Stores in the Development Area except as may be otherwise provided under any Franchise Agreement in effect between Franchisor and Developer

7 3 **Franchisor's Right to Terminate Existing Franchise Agreements and Purchase Tangible Assets** In the event of termination for any default of Developer, Franchisor shall have the option to be exercised within thirty (30) days after this Agreement is terminated, to terminate the Franchise Agreements for and purchase Developer s interest in, any or all Stores regardless of whether such Stores are under construction or are open and operating and all of the **tangible assets** of Developer related to such Store(s) (as defined in this Paragraph 7 3) at the lesser of Developer s net book value (using a 5-year straight line amortization period) or fair market value in accordance with the applicable provisions of the Franchise Agreements For purposes of this Paragraph 7 3, the term **tangible assets**" shall mean only the leasehold improvements furniture, fixtures,

equipment and interior and exterior signs at the Store(s) The purchase price shall not contain any amount for **goodwill , going concern value** or initial franchise fees, royalty fees, advertising fees or any other sums paid to Franchisor by Developer prior to the termination of this Agreement In addition, the purchase price shall not include payment for any inventory or supplies or leasehold improvements, equipment fixtures or signs which Franchisor deems obsolete or has theretofore designated as failing to meet quality standards for the System

7 4 **Irreparable Injury to Franchisor** Developer agrees and acknowledges that Developer s failure to comply with the provisions of Paragraph 7 3 will result in irreparable harm to Franchisor and to the Proprietary Marks and Developer agrees to pay all damages, expenses, court costs and reasonable attorneys fees incurred by Franchisor in obtaining specific performance of or an injunction against violation of and/or damages resulting from a violation of, the requirements of Paragraph 7 3 of this Agreement

7 5 **Payment of Monies Due** Developer shall promptly pay all sums owing to Franchisor and its affiliates If this Agreement is terminated because of a default by Developer, such sums also shall include all damages costs and expenses, including attorneys fees, incurred by Franchisor as a result of the default which obligation shall give rise to and remain, until paid in full a lien as evidenced by a UCC-1 Financing Statement in favor of Franchisor against any and all leasehold improvements, fixtures, furnishings and equipment, inventory, supplies and vehicles located at or used in connection with the Store together with all accounts, payment intangibles attachments accessories additions, substitutions and replacements, all cash and non-cash proceeds derived from insurance or the disposition of such assets, all rights of Developer to use the Proprietary Marks, patents copyrights and their registrations trade secret information and other proprietary rights and all rights granted owned or licensed to Developer under this Agreement for the use of the Proprietary Marks trade names, trade styles, patents, copyrights, trade secret information and other proprietary rights Franchisor shall have the right to set off any amounts which Franchisor deems are payable to Franchisor by Developer

7 6 **Return of Materials and Other Confidential Information** Developer shall immediately deliver to Franchisor the Manual and all other manuals, records correspondence files, and any instructions containing Confidential Information relating to the operation of Developer s business which are in Developer s possession and all copies thereof (all of which are acknowledged to be the property of Franchisor)

8 COVENANTS

8 1 **Non-Competition During Term of Agreement** Developer specifically acknowledges that, pursuant to this Agreement, Developer will receive valuable specialized training and Confidential Information, including, without limitation, information regarding the operational, sales promotional, and marketing methods and techniques of Franchisor and the System Developer (or if Developer is a corporation, limited liability company, or partnership, all principals of Developer) covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Developer (or, if Developer is a corporation, limited liability company, or partnership, all principals of Developer) shall not, either directly or indirectly, for itself or through, on behalf of or in conjunction with any person, or legal entity

8 1 1 Divert or attempt to divert any present or prospective Store customer to any competitor by direct or indirect inducement or otherwise, or do or perform directly or indirectly any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System

8 1 2 Employ or seek to employ any person who is or has been within the previous thirty (30) days employed by Franchisor or an affiliate of Franchisor as a salaried managerial employee, or otherwise directly or indirectly induce such person to leave his or her employment, or

8 1 3 Own, maintain, advise operate, engage in, be employed by make loans to invest in provide any assistance to or have any interest in (as owner or otherwise) or relationship or association with any self-service candy and confection business that is the same or similar to the Store which offers one-price candy and confections for sale in bulk or which sells candy and confection products being offered by the Store

8 2 **Non-Competition After Execution or Termination of Agreement** Commencing upon the date of (a) a transfer permitted under Section 5 of this Agreement, (b) expiration of this Agreement (c) termination of this Agreement (regardless of the cause for termination) or (d) a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of this Paragraph 8 2, and continuing for an uninterrupted period of one (1) year thereafter, Developer shall not without Franchisor s prior written consent either directly or indirectly for itself or through on behalf of, or in conjunction with any person, persons, or legal entity, own, maintain advise, operate engage in, be employed by, make loans to, or have any interest in or relationship or association with (a) any self-service candy and confection business which offers one-price candy and confections for sale in bulk similar to the products offered by the Store and (b) is or is intended to be, located at or within a ten (10) mile radius of the Development Area

8 3 **Exceptions to Non-Compete Covenants** Paragraphs 8 1 and 8 2 shall not apply to ownership by Developer of a less than five percent (5%) beneficial interest in the outstanding equity securities of any company registered under the Securities Act of 1933 or the Securities Exchange Act of 1934

8 4 **Reducing Scope of Covenants** Developer understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Paragraphs 8 1 and 8 2, or any portion thereof without Developer s consent, effective immediately upon receipt by Developer of written notice thereof, and Developer agrees that it shall comply forthwith with any covenant as so modified which shall be fully enforceable notwithstanding the provisions of Paragraph 22 1 of this Agreement

8 5 **Covenants from Individuals** Developer shall obtain and furnish to Franchisor executed covenants similar in substance to those set forth in this Section 8 (including covenants applicable upon the termination of a person s relationship with Developer) from any or all of the following persons (a) all officers directors members and holders of a beneficial interest of five percent (5%) or more of the securities of Developer, and of any corporation directly or indirectly controlling Developer, if Developer is a corporation or limited liability company, and (b) the general partners and any limited partners (including any corporation and the officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner), if Developer is a partnership Every covenant required by this Paragraph 8 6 shall be in a form approved by Franchisor, including, without limitation, specific identification of Franchisor as a third party beneficiary of such covenants with the independent right to enforce them

8 6 **Breach of Covenants Causes Irreparable Injury** Developer acknowledges that Developer s violation of any covenant of this Section 8 or any action described in Paragraphs 6 2, 6 3, or 10 4 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Developer consents to the issuance of, and agrees to pay all court costs and reasonable attorneys fees incurred by Franchisor in obtaining, without the posting of any bond an ex parte or other order for injunctive or other legal or equitable relief with respect to such conduct or action

9 DEVELOPER AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP

9 1 **Corporate Developer** Except as otherwise approved in writing by Franchisor, if Developer is a corporation it shall (a) confine its activities, and its governing documents shall at all times provide that its

activities are confined, exclusively to developing and operating the Stores, (b) maintain stop transfer instructions on its records against the transfer of any equity securities and shall only issue securities upon the face of which a legend, in a form satisfactory to Franchisor, appears which references the transfer restrictions imposed by this Agreement (c) not issue any non-voting securities convertible into voting securities (d) maintain a current list of all owners of record and all beneficial owners of any class of voting stock of Developer and furnish the list to Franchisor upon request In addition, each present and future shareholder of Developer shall jointly and severally guarantee Developer s performance of each and every provision of this Agreement by executing a Guarantee in the form annexed hereto as **Attachment D** provided however, that no guarantee shall be required from a shareholder who acquires Developer s securities after Developer becomes registered under the Securities Exchange Act of 1934

9 2 **Partnership Developer** If Developer is a partnership it shall (a) furnish Franchisor with its partnership agreement as well as such other documents as Franchisor may reasonably request and any amendments thereto, and (b) prepare and furnish to Franchisor, upon request, a current list of all general and limited partners in Developer

9 3 **Limited Liability Company Developer** If a Developer is a limited liability company, Developer shall (a) furnish Franchisor with a copy of its articles of organization and operating agreement, as well as such other documents as Franchisor may reasonably request and any amendments thereto, (b) prepare and furnish to Franchisor, upon request, a current list of all members and managers in Developer, and (c) maintain stop transfer instructions on its records against the transfer of equity securities and shall only issue securities upon the face of which bear a legend in a form satisfactory to Franchisor, which references the transfer restrictions imposed by this Agreement

10 INDEPENDENT CONTRACTOR AND INDEMNIFICATION

10 1 **No Fiduciary Relationship** This Agreement does not create a fiduciary relationship between the parties hereto Developer shall be an independent contractor, and nothing in this Agreement is intended to constitute or appoint either party an agent, legal representative subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever

10 2 **Public Notice of Independent Status** Developer shall conspicuously identify itself and the Store in all dealings with its customers contractors suppliers public officials and others, as an independent Developer of Franchisor, and shall place such notice of independent ownership in its Store and on all forms Franchisor shall have the right to specify the language of any such notice

10 3 **Independent Contractor** Developer acknowledges and agrees that it is not authorized to make any contract, agreement, warranty, or representation on Franchisor s behalf, or to incur any debt or other obligations in Franchisor s name and that Franchisor shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action nor shall Franchisor be liable by reason of any act or omission of Developer in its conduct of the Store or for any claim or judgment arising therefrom against Developer or Franchisor

10 4 **Indemnification** Developer shall indemnify and hold harmless to the fullest extent by law Franchisor its affiliates and their respective directors officers employees, shareholders and agents, (collectively the **Indemnitees**) from any and all losses and expenses (as hereinafter defined) incurred in connection with any litigation or other form of adjudicatory procedure claim, demand investigation or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises directly or indirectly from, as a result of or in connection with Developer s operation of the Stores including,

but not limited to, claims arising as a result of the maintenance and operation of vehicles or the Franchised Locations (collectively an **event**), and regardless of whether same resulted from any strict or vicarious liability imposed by law on the Indemnitees, provided, however, that this indemnity shall not apply to any liability arising from the gross negligence of Indemnities (except to the extent that joint liability is involved, in which event the indemnification provided herein shall extend to any finding of comparative negligence or contributory negligence attributable to Developer) For the purpose of this Paragraph 10 4, the term **losses and expenses** shall be deemed to include compensatory exemplary or punitive damages fines and penalties attorneys fees, experts fees, court costs, costs associated with investigating and defending against claims settlement amounts judgments, compensation for damages to Franchisor s reputation and goodwill and all other costs associated with any of the foregoing losses and expenses Developer shall give Franchisor prompt notice of any event of which it is aware, for which indemnification is required, and, at the expense and risk of Developer Franchisor may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement thereof provided that Franchisor will seek the advice and counsel of Developer Any assumption of Franchisor shall not modify Developer s indemnification obligation Franchisor may, in its sole judgment take such actions as it seems necessary and appropriate to investigate, defend or settle any event or take other remedial or corrective actions with respect thereof as may be, in Franchisor s sole judgment, necessary for the protection of the indemnities or the System

11 APPROVALS, WAIVERS, AND NOTICES

11 1 **Obtaining Approvals** Whenever this Agreement requires the prior approval or consent of Franchisor Developer shall make a timely written request to Franchisor therefor and such approval or consent must be obtained in writing Franchisor makes no warranties or guarantees upon which Developer may rely, and assumes no liability or obligation to Developer, by providing any waiver approval consent, or suggestion to Developer in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor

11 2 **No Waiver** No delay, waiver omission, or forbearance on the part of Franchisor to exercise any right option, duty or power arising out of any breach or default by Developer, or by any other Developer of any of the terms, provisions, or covenants thereof, and no custom or practice by the parties at variance with the terms of this Agreement shall constitute a waiver by Franchisor to enforce any such right, option, or power as against Developer or as to a subsequent breach or default by Developer Subsequent acceptance by Franchisor of any payments due to it under this Agreement shall not be deemed to be a waiver by Franchisor of any preceding or succeeding breach by Developer of any terms, covenants, or conditions of this Agreement

11 3 **Notices** All notices or demands shall be in writing and shall be served in person, by Express Mail, by certified mail by private overnight delivery, or by electronic transmission Service shall be deemed conclusively made (a) at the time of service, if personally served (b) twenty-four (24) hours (exclusive of weekends and national holidays) after deposit in the United States mail, properly addressed and postage prepaid if served by Express Mail (c) upon the earlier of actual receipt or three (3) calendar days after deposit in the United States mail, properly addressed and postage prepaid Return Receipt Requested, if served by Certified Mail, (d) twenty-four (24) hours after delivery by the party giving the notice statement or demand if by private overnight delivery and (e) one (1) business day after electronic transmission (with confirmation copy sent by regular United States mail Notices and demands shall be given to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party

Notices to Franchisor

Sweet Candy Franchise, LLC
929 W Barkley Avenue
Orange California 92868

Fax 714-223-1081
Attention President

With a copy (which shall not constitute notice) to

Barry Kurtz, Esq
Kurtz Law Group, A Professional Corporation
21650 Oxnard Street, Suite 500
Woodland Hills California 91367
Fax 818-986-4474

Notices to Developer _____
_____
_____
Fax _____

Either party may change its address for the purpose of receiving notices demands and other communications as herein provided by a written notice given in the manner aforesaid to the other party

12 ENTIRE AGREEMENT, SEVERABILITY, AND CONSTRUCTION

12 1 **Entire Agreement** This Agreement, any attachments hereto, and any ancillary agreements between Developer and Franchisor or any affiliate which are executed contemporaneously with this Agreement constitute the entire and complete Agreement between Franchisor (and, if applicable, any affiliate) and Developer concerning the subject matter thereof and supersede all prior agreements Developer acknowledges that it is entering into this Agreement, and any ancillary agreements executed contemporaneously herewith as a result of its own independent investigation of the business franchised hereby and not as a result of any representation made by Franchisor or persons associated with Franchisor or other developers, which are contrary to the terms herein set forth or which are contrary to the terms of any Franchise Disclosure Document or other similar document required or permitted to be given to Developer pursuant to applicable law Except for those permitted under this Agreement to be made unilaterally by Franchisor no amendment change or variation from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim representations Franchisor made to Developer in the Franchise Disclosure Document or in any related document that Franchisor heretofore furnished to Developer

12 2 **Severability and Construction** Except as expressly provided to the contrary herein, each section part, term and provision of this Agreement shall be considered severable and if, for any reason any section, part term provision, and/or covenant herein is determined to be invalid and contrary to, or in conflict with any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of or have any other effect upon such other portions sections, parts terms provisions and/or covenants of this Agreement as may remain otherwise intelligible and the latter shall continue to be given full force and effect and bind the parties hereto, and the invalid portions sections, parts, terms, provisions, and/or covenants shall be deemed not to be a part of this Agreement Neither this Agreement or any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise On the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used to fairly accomplish the purposes and intentions of all parties to this Agreement Franchisor and Developer intend that if

any provision of this Agreement is susceptible to two or more constructions one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, the provision shall be given the meaning that renders it enforceable

12 3 **Survival of Obligations After Expiration or Termination of Agreement** Any provision or covenant of this Agreement which expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement shall survive such expiration or termination

12 4 **Survival of Modified Provisions** Developer expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision of this Agreement as though it were separately articulated in and made a part of this Agreement that may result from striking from any of the provisions of this Agreement any portion or portions which a court or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which Franchisor is a party or from reducing the scope of any promise or covenant to the extent required to comply with such a court or agency order

12 5 **Captions** All captions in this Agreement are intended for the convenience of the parties and none shall be deemed to affect the meaning or construction of any provision of this Agreement

12 6 **Responsibility** The term **Developer** as used in this Agreement shall refer to each person executing this Agreement as Developer, whether such person is one of the spouses partners, shareholders, mangers trustees, trustors or beneficiaries or persons named as included in Developer and shall apply to each such person as if he were the only named Developer in this Agreement

12 6 1 If Developer is a married couple, both husband and wife executing this Agreement shall be liable for all obligations and duties of Developer under this Agreement as if such spouse were the sole Developer under this Agreement

12 6 2 If Developer is a partnership or if more than one person executes this Agreement as Developer each partner or person executing this Agreement shall be liable for all the obligations and duties of Developer under this Agreement

12 6 3 If Developer is a trust, each trustee, trustor and beneficiary signing this Agreement shall be liable for all of the obligations and duties of Developer under this Agreement

12 6 4 If Developer is a corporation or limited liability company, all shareholders or members executing this Agreement shall be liable for all obligations and duties of Developer under this Agreement as if each such shareholder or member were the sole Developer under this Agreement

12 6 5 If Developer is in breach or default under this Agreement, Franchisor may proceed directly against each such spouse, partner, signatory to this Agreement shareholder, member, trustee trustor or beneficiary without first proceeding against Developer and without proceeding against or naming in such suit any other Developer, partner, signatory to this Agreement shareholder, trustee, trustor or beneficiary The obligations of Developer and each such spouse, partner, person executing this Agreement, shareholder trustee trustor and beneficiary shall be joint and several

12 6 6 Notice to or demand upon one spouse, partner person signing this Agreement, shareholder, member, trustee trustor or beneficiary shall be deemed notice to or demand upon Developer and all such spouses partners persons signing this Agreement, shareholders, members trustees trustors and

beneficiaries and no notice or demand need be made to or upon all such Developer s spouses, partners persons executing this Agreement, shareholders members, trustees, trustors or beneficiaries

12 6 7 The cessation of or release from liability of Developer or any such spouse, partner, person executing this Agreement, shareholder member trustee, trustor or beneficiary shall not relieve any other Developer, spouse partner, person executing this Agreement, shareholder member trustee, trustor or beneficiary from liability under this Agreement, except to the extent that the breach or default has been remedied or monies owed have been paid

12 7 **Incorporation of Recitals** The recitals set forth in Paragraphs A through G of this Agreement are true and correct and are hereby incorporated by reference into the body of this Agreement

13 APPLICABLE LAW

13 1 **Choice of Law** This Agreement takes effect upon its acceptance and execution by Franchisor in California and shall be interpreted and construed under the laws of California In the event of any conflict of law, the laws of California shall prevail, without regard to the application of California conflict of law rules If however, any provision of this Agreement would not be enforceable under the laws of California and if the Store is located outside of California and such provision would be enforceable under the laws of the state in which the Store is located, then such provision shall be interpreted and construed under the laws of that state Nothing in this Paragraph 13 1 is intended by the parties to subject this Agreement to any franchise or similar law rules or regulation of any state to which it would not otherwise be subject

13 2 **Venue** The parties agree that any action brought by either party against the other in any court whether federal or state shall be brought within the State of California in the county in which Franchisor has its principal place of business at the time the action is initiated, and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision

13 3 **Non-exclusivity of Remedy** No right or remedy conferred upon or reserved to Franchisor or Developer by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy

13 4 **Limitation of Adjudicative Proceedings** Franchisor and Developer hereby waive to the fullest extent permitted by law any right to or claim of any punitive or exemplary damages against the other and agree that in the event of a dispute between them each shall be limited to the recovery of any actual damages sustained by it

13 5 **Right to Injunctive Relief** Nothing herein contained shall bar Franchisor s right to seek injunctive relief to obtain the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to Developer s (a) use of the Proprietary Marks, (b) obligations upon termination or expiration of this Agreement, (c) assignment or proposed assignment of the Store, this Agreement, or any ownership interest in Developer or (d) actions covered by the provisions of Section 7 Franchisor also shall be able to seek injunctive relief to prohibit any act or omission by Developer or its employees that constitutes a violation of any applicable law is dishonest or misleading to Developer s customers or to the public, or which may impair the goodwill associated with the Proprietary Marks and Developer agrees to pay all costs and reasonable attorneys' fees incurred by Franchisor in obtaining such relief

13 6 **Incorporation of Recitals** The recitals set forth in Paragraphs A through G of this Agreement are true and correct and are hereby incorporated by reference into the body of this Agreement

14 ACKNOWLEDGMENTS

14 1 **Recognition of Business Risks** Developer acknowledges that it has conducted an independent investigation of the proposed franchise and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability of Developer as an independent business person Franchisor expressly disclaims the making of and Developer acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential sales, income, profits or success of the business venture contemplated by this Agreement, or of other Stores

14 2 **Receipt of Franchise Disclosure Document** Developer acknowledges that it has received a copy of the complete Sweet Candy Franchise, LLC Franchise Disclosure Document for Sweet Factory Stores, which contains a copy of this Franchise Agreement, the attachments thereto, and agreements relating thereto, if any, at least fourteen (14) calendar days prior to the date on which this Agreement was executed Developer acknowledges and agrees that Franchisor has made no promises representations warranties or assurances to Developer which are inconsistent with the terms of this Agreement or Franchisor s Franchise Disclosure Document, concerning the profitability or likelihood of success of any Store at any Franchised Location that Developer has been informed by Franchisor that there can be no guaranty of success in the franchised business and that Developer s business ability and aptitude is primary in determining Developer s success

14 3 **Review of Franchise Disclosure Document** Developer acknowledges that Developer has read and understood this Agreement the attachments hereto, and agreements relating thereto, if any and that Franchisor has accorded Developer ample time and opportunity to consult with advisors and counsel of Developer's own choosing about the potential benefits and risks of entering into this Agreement

14 4 **Representations by Developer** Developer acknowledges and agrees that prior to the date of Developer s execution of this Agreement no employee agent or other person speaking on Franchisor s behalf made (i) any statement or promise to Developer concerning projected revenues, profits or operating costs of a Sweet Factory franchised business (ii) any statement or promise to Developer regarding the amount of money Developer may earn in operating a Sweet Factory franchised business (iii) any statement or promise to Developer concerning the total amount of revenue a Sweet Factory franchised business will or may generate or (iv) any statement or promise to Developer regarding the costs Developer will or may incur in operating a Sweet Factory franchised business

14 5 **Attorneys' Fees** If Franchisor becomes a party to any legal proceedings concerning this Agreement, the Stores or the Franchised Locations by reason of any act or omission of Developer or its authorized representatives, Developer shall be liable to Franchisor for the reasonable attorneys fees and court costs incurred by Franchisor in the legal proceedings If either party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys fees and costs of suit

14 6 **Atypical Arrangements** Developer acknowledges and agrees that Franchisor may modify the offer of development rights to other developers in any manner and at any time which offers have or may have terms, conditions, and obligations which may differ from the terms conditions, and obligations in this Agreement Developer further acknowledges and agrees that Franchisor has made no warranty or representation that all Area Development Agreements previously issued or issued after this Agreement by Franchisor do or will contain terms substantially similar to those contained in this Agreement Franchisor may, in its reasonable business judgment and its sole and absolute discretion, due to local business conditions or otherwise waive or modify comparable provisions of other Area Development Agreements previously

executed or executed after the date of this Agreement with other Sweet Factory Store developers in a non-uniform manner

14 7 **Anti-Terrorism Laws** Developer and its officers directors, members and shareholders shall comply with and/or assist Franchisor to the fullest extent possible in Franchisor s efforts to comply with Anti-Terrorism Laws (as defined below) In connection with such compliance, Developer and its officers directors members and shareholders certify, represent and warrant that none of the property or interests of Developer or its officers directors, members and shareholders is subject to being blocked under any of the Anti-Terrorism Laws and that Developer and its officers directors, members and shareholders are not otherwise in violation of any of the Anti-Terrorism Laws

14 7 1 For the purposes of this Section 14 7, **Anti-Terrorism Laws** means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U S Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U S Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U S Code of Federal Regulations), the USA Patriot Act, and all other present and future federal, state and local laws, ordinances regulations policies, lists and any other requirements of any Governmental Authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war

14 7 2 Developer and its officers directors, members and shareholders certify that none of its employees, or anyone associated with Developer or its officers, directors members and shareholders are listed in the Annex to Executive Order 13224 Developer agrees not to hire any individual listed in the Annex The Annex is available at

http //www treasury gov/offices/enforcement/ofac/sanctions/terrorism html

14 7 3 Developer certifies that Developer has no knowledge or information that, if generally known, would result in Developer, its officers, directors, members and shareholders, its employees or anyone associated with Developer to be listed in the Annex to Executive Order 13224

14 7 4 Developer shall be solely responsible for ascertaining what actions must be taken by Developer to comply with the Anti-Terrorism Laws and Developer specifically acknowledges and agrees that Developer s indemnification responsibilities set forth in this Agreement pertain to Developer s obligations under this Section 14 7

14 7 5 Any misrepresentation by Developer under this Section 14 7 or any violation of the Anti-Terrorism Laws by Developer, its officers, directors members and shareholders or Developer s employees shall constitute grounds for immediate termination of this Agreement and any other Agreement Developer has entered with Franchisor or an affiliate of Franchisor, in accordance with the terms of this Agreement

14 8 **Additional Documents** Each of the parties agrees to execute, acknowledge and deliver to the other party and to procure the execution, acknowledgment and delivery to the other party of any additional documents or instruments which either party may reasonably require to fully effectuate and carry out the provisions of this Agreement

14 9 **Counterparts and Electronic Copies** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be

one and the same instrument Signatures transmitted electronically or by facsimile will be deemed original signatures Electronic copies of this Agreement shall constitute and be deemed an original copy of this Agreement for all purposes, provided that such electronic copies are fully executed, dated and identical in form to the original hard copy version of this Agreement

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first shown above

FRANCHISOR

SWEET CANDY FRANCHISE, LLC,

By _____

Name _____

Title _____

(SIGNATURES CONTINUE ON FOLLOWING PAGE)

DEVELOPER

_____

[ ] an individual,
[ ] a _____ general partnership,
[ ] a _____ limited partnership,
[ ] a _____ limited liability company,
[ ] a _____ corporation

By _____
Its _____, and individually

SWEET CANDY FRANCHISE, LLC
AREA DEVELOPMENT AGREEMENT

ATTACHMENT A
DEVELOPMENT SCHEDULE
MINIMUM DEVELOPMENT OBLIGATION

SWEET CANDY FRANCHISE, LLC
AREA DEVELOPMENT AGREEMENT

ATTACHMENT A
DEVELOPMENT SCHEDULE
MINIMUM DEVELOPMENT OBLIGATION

DEVELOPER'S DATE OF EXECUTION OF FRANCHISE AGREEMENT	DATE OF STORE OPENING	INITIAL FRANCHISE FEE DUE UNDER FRANCHISE AGREEMENT AFTER CREDIT FOR DEVELOPMENT FEE

FRANCHISOR

SWEET CANDY FRANCHISE, LLC,

By _____

Name _____

Title _____

DEVELOPER

_____

[ ] an individual,
[ ] a _____ general partnership,
[ ] a _____ limited partnership,
[ ] a _____ limited liability company
[ ] a _____ corporation

By _____
Its _____, and individually

SWEET CANDY FRANCHISE, LLC

AREA DEVELOPMENT AGREEMENT

ATTACHMENT B
DEVELOPMENT AREA

SWEET CANDY FRANCHISE, LLC

AREA DEVELOPMENT AGREEMENT
ATTACHMENT C

CURRENT FORM OF
SWEET CANDY FRANCHISE, LLC
FRANCHISE AGREEMENT

SWEET CANDY FRANCHISE, LLC
AREA DEVELOPMENT AGREEMENT

ATTACHMENT D
GUARANTEES

SWEET CANDY FRANCHISE, LLC
AREA DEVELOPMENT AGREEMENT

ATTACHMENT D
GUARANTEE

As an inducement to **Sweet Candy Franchise, LLC** ("**Franchisor**") to execute the Area Development Agreement with _____ ("**Developer**") dated _____, and in consideration of Franchisor's executing the Area Development Agreement _____ _____ (**Guarantors**) jointly and severally agree as follows

A Guarantors shall pay or cause to be paid to Franchisor all monies payable by Developer under the Area Development Agreement on the days and times in the manner therein appointed for payment thereof

B Guarantors shall unconditionally guarantee full performance and discharge by Developer of all the obligations of Developer under the Area Development Agreement at the times and in the manner therein provided

C Guarantors shall indemnify and hold Franchisor and its affiliates harmless against and from all losses, damages, costs, and expenses which Franchisor and its affiliates may sustain incur, or become liable for by reason of (1) the failure for any reason whatsoever of Developer to pay the monies payable pursuant to the Area Development Agreement or to do and perform any other act matter or thing pursuant to the provisions of the Area Development Agreement or (2) any act action or proceeding of or by Franchisor for or in connection with the recovery of monies or the obtaining of performance by Developer of any other act, matter or thing pursuant to the provisions of the Area Development Agreement

D Franchisor shall not be obligated to proceed against Developer or exhaust any security from Developer or pursue or exhaust any remedy including any legal or equitable relief against Developer, before proceeding to enforce the obligations of the Guarantors under this Guarantee, and the enforcement of such obligations may take place before, after or contemporaneously with enforcement of any debt or obligation of Developer under the Area Development Agreement

E Without affecting the Guarantors' obligations under this Guarantee Franchisor without notice to the Guarantors may extend, modify or release any indebtedness or obligation of Developer or settle, adjust or compromise any claims against Developer Guarantors waive notice of amendment of the Area Development Agreement and notice of demand for payment or performance by Developer

F Guarantors' obligations under this Guarantee shall remain in full force and effect, and shall be unaffected by (1) the unenforceability of the Development Agreement against Developer, (2) the termination of any obligations of Developer under the Area Development Agreement by operation of law or otherwise (3) the bankruptcy insolvency dissolution, or other liquidation of Developer, including, without limitation any surrender or disclaimer of the Area Development Agreement by the trustee in bankruptcy of Developer, (4) Franchisor's consent or acquiescence to any bankruptcy, receivership, insolvency or any other creditor's proceedings of or against Developer, or by the winding-up or dissolution of Developer, or any other event or occurrence which would have the effect at law of terminating the existence of Developer's obligations prior to the termination of the Area Development Agreement or (5) by any other agreements or other dealings between Franchisor and Developer having the effect of amending or altering the Area Development Agreement or Developer's obligations under

this Guarantee or by any want of notice by Franchisor to Developer of any default of Developer or by any other matter, thing, act or omission of Franchisor whatsoever

G The provisions of Section 12 of the Area Development Agreement shall apply as to any interpretation or enforcement of this Guarantee and the provisions of Paragraph 11 3 of the Area Development Agreement shall apply to any notice to either party, except that notice to Guarantors shall be as follows

Names and Addresses

_____
_____
_____

_____
_____
_____

IN WITNESS WHEREOF, each of the undersigned have signed this Guarantee as of the day and year set forth below

GUARANTORS

_____ **Date** _____

_____ **Date** _____

SWEET CANDY FRANCHISE, LLC
AREA DEVELOPMENT AGREEMENT

ATTACHMENT E
STATE SPECIFIC AMENDMENTS

SWEET CANDY FRANCHISE, LLC
AREA DEVELOPMENT AGREEMENT

ATTACHMENT E
STATE SPECIFIC AMENDMENTS
CALIFORNIA

1 The California Department of Corporations requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law CAL BUS & PROF CODE Section 31000 et seq and the California Franchise Relations Act CAL BUS & PROF CODE Section 20000 et seq To the extent that the Area Development Agreement (the Agreement) contains provisions that are inconsistent with the following, such provisions are amended

a California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning nonrenewal and termination of the Agreement If the Agreement contains a provision that is inconsistent with the law the law will control

b The Agreement provides for termination upon bankruptcy This provision may not be enforceable under federal bankruptcy law

c **YOU MUST SIGN A GENERAL RELEASE IF YOU RENEW OR TRANSFER YOUR FRANCHISE CALIFORNIA CORPORATIONS CODE SECTION 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE SECTIONS 31000 THROUGH 31516)**

d The Agreement requires payment of liquidated damages that is inconsistent with California Civil Code Section 1671 and the liquidated damage clause may be unenforceable

e The Agreement contains a covenant not to compete which extends beyond the expiration or termination of the Agreement and the covenant may be unenforceable under California law

FRANCHISOR

SWEET CANDY FRANCHISE, LLC,

By _____

Name _____

Title _____

DEVELOPER

_____

[ ] an individual,
[ ] a _____ general partnership,
[ ] a _____ limited partnership,
[ ] a _____ limited liability company
[ ] a _____ corporation

By _____
Its _____, and individually

Exhibit F
Addendum for Store Purchase

SWEET CANDY FRANCHISE, LLC
AREA DEVELOPMENT AGREEMENT

ATTACHMENT F
ENTITY INFORMATION

ATTACHMENT F
ENTITY INFORMATION

If Developer is an Entity, Developer represents and warrants that the following information is accurate and complete in all material respects

(1) Developer is a (check as applicable)
[ ] corporation
[ ] limited liability company
[ ] general partnership
[ ] limited partnership
[ ] Other (specify) _____

(2) Developer shall provide to Franchisor concurrently with the execution hereof true and accurate copies of its charter documents including Articles of Incorporation, Bylaws Operating Agreement Partnership Agreement, resolutions authorizing the execution hereof, and any amendments to the foregoing (Entity Documents)

(3) Developer promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in Developer

(4) The name and address of each of Developer s Owners members, or general and limited partner

NAME	ADDRESS	NUMBER OF SHARES OR PERCENTAGE INTEREST (if applicable)

(5) There is set forth below the names, and addresses and titles of Developer's principal officers or partners who will be devoting their full time to the Business

NAME	ADDRESS

(6) The address where Developer s Financial Records, and Entity records (e g , Articles of Incorporation, Bylaws, Operating Agreement Partnership Agreement, etc) are maintained is

_____

(SIGNATURES ON FOLLOWING PAGE)

FRANCHISOR

SWEET CANDY FRANCHISE, LLC,

By _____

Name _____

Title _____

DEVELOPER

_____

[ ] an individual,
[ ] a _____ general partnership
[ ] a _____ limited partnership
[ ] a _____ limited liability company
[ ] a _____ corporation

By _____
Its _____, and individually

SWEET CANDY FRANCHISE, LLC

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT I

ASSET PURCHASE AGREEMENT AND ATTACHMENTS

SWEET CANDY FRANCHISE, LLC

ASSET PURCHASE AGREEMENT

SWEET CANDY FRANCHISE, LLC

ASSET PURCHASE AGREEMENT
TABLE OF CONTENTS

1	INCORPORATION OF RECITALS	1
2	PURCHASE AND SALE	1
3	PURCHASE PRICE FOR ASSETS	2
4	LIABILITIES OF STORE	4
5	FRANCHISE AGREEMENT AND SUBLEASE	4
6	THE ESCROW AND THE CLOSING DATE	5
7	REPRESENTATIONS AND WARRANTIES OF SELLER	5
8	REPRESENTATIONS AND WARRANTIES OF BUYER	8
9	OTHER AGREEMENTS	12
10	CONDITIONS PRECEDENT TO BUYER S PERFORMANCE	15
11	CONDITIONS PRECEDENT TO SELLER'S PERFORMANCE	15
12	OBLIGATIONS ON THE CLOSING DATE	16
13	INDEMNIFICATION	16
14	TERMINATION	17
15	BROKER S FEES	18
16	SURVIVAL OF REPRESENTATIONS AND WARRANTIES	18
17	APPROVALS, WAIVERS AND NOTICES	18
18	ENTIRE AGREEMENT, SEVERABILITY AND CONSTRUCTION	19
19	APPLICABLE LAW	21
20	ANTI-TERRORISM LAWS	22
21	ACKNOWLEDGEMENTS	22
SIGNATURES		22

ATTACHMENTS

ATTACHMENT A	STORE
ATTACHMENT B	FRANCHISE LOCATION, MASTER LEASES AND MASTER LANDLORD
ATTACHMENT C	INITIAL TRAINING AGREEMENT
ATTACHMENT D	FRANCHISE AGREEMENT
ATTACHMENT E	SECURED PROMISSORY NOTE
ATTACHMENT F	SECURITY AGREEMENT
ATTACHMENT G	SUBLEASE
ATTACHMENT H	GUARANTEES
ATTACHMENT I	ASSUMPTION AGREEMENT
ATTACHMENT J	BILL OF SALE
ATTACHMENT K	GENERAL RELEASE
ATTACHMENT L	PRELIMINARY BUSINESS PURCHASE AGREEMENT

SCHEDULES

SCHEDULE 2(a)(i)	EQUIPMENT
SCHEDULE 2(a)(ii)	SERVICE AGREEMENTS
SCHEDULE 2(a)(iii)	INVENTORY
SCHEDULE 2(a)(v)	LICENSES
SCHEDULE 2(a)(vi)	TELEPHONE NUMBERS
SCHEDULE 3(g)	ALLOCATION OF PURCHASE PRICE
SCHEDULE 3(h)	RENT AND ESTIMATED CENTER EXPENSES
SCHEDULE 4(b)	ASSUMED LIABILITIES
SCHEDULE 7(f)	FINANCIAL STATEMENTS

SCHEDULE 7(l)	**LITIGATION**
SCHEDULE 7(m)	**OTHER CONTRACTS**
SCHEDULE 7(n)	**EMPLOYEES**
SCHEDULE 7(o)	**VIOLATIONS**
SCHEDULE 9(n)	**REFURBISHMENT OF STORE**

SWEET CANDY FRANCHISE, LLC

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT is made this __ day of _____, by and between **SWEET CANDY, LLC**, a Nevada limited liability company (**Seller**'), on the one hand, and_____ (' **Buyer**'), on the other hand, with reference to the following facts

A Seller owns and operates the Sweet Factory store known as Sweet Factory #_____, described on **Attachment A** attached to this Agreement and incorporated into this Agreement by reference (the ' **Store**)

B Seller leases the premises and improvements at the site of the Store (the "**Franchised Location**) under a Lease (the '**Master Lease**) with the landlord (the "**Master Landlord** ') described on **Attachment B** attached to this Agreement and incorporated into this Agreement by reference

C Seller desires to sell to Buyer and Buyer desires to purchase from Seller all of the assets owned or used by Seller in the operation of the Store which are more fully described in Section 2(a) of this Agreement Seller further desires to operate the Store as a Sweet Factory Store under a Franchise Agreement with Sweet Candy Franchise, LLC, a Nevada limited liability company ('**Franchisor**), the Franchisor of Sweet Factory Stores, substantially in the form of **Attachment D** attached to this Agreement and incorporated into this Agreement by reference (the **Franchise Agreement**) Seller further desires to sublease the Franchised Location to Buyer and Buyer desires to sublease the Franchised Location from Seller under a Sublease substantially in the form of **Attachment G** attached to this Agreement and incorporated into this Agreement by reference (the **Sublease")**

D On _____, _____, Seller and Buyer entered into a Preliminary Business Purchase Agreement for the Store (the "**Preliminary Business Purchase Agreement**) Seller and Buyer desire to enter into this Agreement to provide for these transactions, on the terms and conditions set forth in this Agreement

NOW, THEREFORE, IT IS AGREED

1 **INCORPORATION OF RECITALS**

The Recitals set forth in Sections A through D of this Agreement are true and correct and are incorporated into this Agreement as part of this Agreement

2 **PURCHASE AND SALE**

a **The "Assets '**

On the **Closing Date** (as defined in Section 6(b) of this Agreement) Seller shall sell, convey, transfer, assign and deliver to Buyer and Buyer shall purchase from Seller, all of the assets of the Store listed on **Schedules 2(a)(i)** to **2(a)(v)** attached to this Agreement and incorporated into this Agreement by reference (collectively the ' **Assets** ') Each reference in this Agreement to the **Assets** of the Store shall mean and refer to the following

(i) All of the fixtures, equipment, signs and other tangible assets of the Store (the **Equipment**) as more fully described on **Schedule 2(a) (i)** attached to this Agreement and incorporated into this Agreement by reference

(ii) All of the service agreements for the Store as more fully described on **Schedule 2(a) (ii)** attached to this Agreement and incorporated into this Agreement by reference (the **Service Agreements**) and the **Other Contracts** as more fully described in Section 7(m) of this Agreement

(iii) All of the useable stock-in-trade, retail inventory and supplies located at the Store as described more fully on **Schedule 2(a)(iii)** (the **Inventory**) attached to this Agreement and incorporated into this Agreement by reference

(iv) All licenses and permits maintained by Seller and used by Seller in the operation of the Store to the extent that they are transferable, as more fully described on **Schedule 2(a)(iv)** (the **Licenses**) attached to this Agreement and incorporated into this Agreement by reference

(v) All telephone numbers and facsimile numbers for the Store as more fully described on **Schedule 2(a) (v)** attached to this Agreement and incorporated into this Agreement by reference

b **Excluded Assets**

The following assets shall be excluded from this transaction (the **Excluded Assets**)

(i) All cash in banks and other financial institution accounts associated with the Store

(ii) The business records which relate to the operations of the Store for all periods prior to the Closing Date (the **Business Records** '), subject, however to Section 9(e) of this Agreement

(iii) All refunds of federal state or local income or franchise taxes or worker s compensation insurance premiums due Seller as of the Closing Date

(iv) All intellectual property rights of Seller

c **Inventory**

Seller shall have the right to amend and update **Schedule 2(a)(iii)** up to the Closing Date to accurately reflect the useable Inventory on hand at the Store on the Closing Date, as determined by seller in it sole discretion On the Closing Date, Seller shall deliver to Buyer a final version of **Schedule 2(a)(iii)** that accurately reflects the useable Inventory in the Store on the Closing Date, as determined by Seller in it sole discretion Each version of **Schedule 2(a) (iii)** shall, in addition to listing the Inventory state the updated aggregate **Inventory Consideration** (as defined in Section 3(a) of this Agreement) for the Inventory listed on **Schedule 2(a) (iii)** The Inventory shall be valued at Seller s actual cost for the same

3 **PURCHASE PRICE FOR ASSETS**

a **Purchase Price**

The aggregate purchase price for the Assets (the "**Purchase Price**) shall be the sum of $_____ **plus** the value of the Inventory listed on the final version of **Schedule 2(a)(iii)** (the **Inventory Consideration**") **plus** the amount of cash in the change fund at the Store on the Closing Date **plus** the sum of $_____ as payment for Seller s security deposits now held on account by the Master Landlord under the Master Lease as more fully described on **Attachment B** (the **Security Deposits**) For purposes of the **Closing** (as defined in Section 6(b) of this Agreement) Seller and Buyer agree subject to Section 3(b) below, that the Inventory Consideration is $_____

b **Inventory Consideration**

Within two (2) days after the Closing Date, Seller shall inform Buyer of the actual Inventory Consideration determined in accordance with Section 2(c) If the actual Inventory Consideration is greater than $_____ in the aggregate, Buyer shall pay Seller within five (5) business days thereafter an additional amount equal to the difference between the actual Inventory Consideration and $_____ If the actual Inventory Consideration is less than $_____ in the aggregate Seller shall pay Buyer within five (5) business days thereafter an amount equal to the difference between $_____ and the actual Inventory Consideration

c **Deposits and Cash Payments**

Contemporaneous with the parties execution of this Agreement Buyer shall deposit the sum of $_____ (the **'Initial Deposit**) with the **Escrow Holder'** described in Section 6(a) of this Agreement as a deposit against the Purchase Price [If Buyer is purchasing a new Sweet Factory store or kiosk from Seller in accordance with the Turnkey Addendum to Purchase Agreement attached to this Agreement (the **Turnkey Addendum** ') which Seller shall construct, equip and furnish, and which is not yet opened for business (a **Turnkey Unit**) as of the date of this Agreement, Buyer shall deposit the additional sum of $100 000 (the **Additional Deposit**) with the Escrow Holder at least five (5) business days before Seller's commencement of construction of the Turn Key Unit] The Initial Deposit [is] [and the Additional Deposit are collectively referred to in this agreement as the **"Deposit"** and are] non-refundable in whole or in part On the Closing Date, Buyer shall pay Seller, through the **Escrow** described in Section 6(a) of this Agreement the remaining $_____of the cash portion of the Purchase Price

d **Purchase Note** The $_____ balance of the Purchase Price shall be evidenced by and shall be payable to Seller in accordance with the terms of Buyer's Promissory Note in the principal amount of $_____ in substantially the form attached to this Agreement as **Attachment E** and incorporated into this Agreement by reference (the **Purchase Note'**)

e **Security for Purchase Note and Security Agreement** Payment of the Purchase Note shall be secured by a security interest granted by Buyer in the Assets in accordance with the Security Agreement in substantially the form attached to this Agreement as **Attachment F** and incorporated into this Agreement by reference (the **Security Agreement**) which will be executed by Buyer on the Closing Date

f **Guarantee(s)**

The performance by Buyer of Buyer s obligations under this Agreement , the Purchase Note and the Security Agreement will be personally guaranteed by _____ (the **Guarantor(s)** ') in accordance with the Personal Guarantee(s) in substantially the form attached to this Agreement as **Attachment H**, and incorporated into this Agreement by reference (the **Guarantee(s)**) which will be executed by Guarantor(s) on the Closing Date

g **Allocation of Purchase Price**

Seller and Buyer shall allocate the Purchase Price among the Assets as set forth on **Schedule 3(e)** attached to this Agreement and incorporated into this Agreement by reference, using the allocation method required by Section 1060 of the Internal Revenue Code of 1986 as amended (the **Code**) and the regulations thereunder Seller and Buyer each agree to report the federal, state and local income and other tax

consequences of the transactions contemplated by this Agreement and in particular to report the information required by Code Section 1060(b), in a manner consistent with such allocation and will not take any position inconsistent therewith

h **Payments Required in Addition to Purchase Price**

Buyer shall pay the following obligations on the Closing Date in addition to the Purchase Price

(i) The $35,000 Initial Franchise Fee due to Franchisor

(ii) The first month s rent and estimated monthly center expenses due to Seller under the Sublease and a security deposit equal to one (1) month s rent and estimated monthly center expenses due under the Sublease as described on **Schedule 3(h)** attached to this Agreement and incorporated into this Agreement by reference

(iii) All amounts attributable to "**Prorations**' as more fully described in Section 9(h) and Section 12(a) of this Agreement

(iv) All closing costs payable by Buyer as more fully described in Section 12(b) of this Agreement

4 **LIABILITIES OF STORE**

a **Seller's Liabilities**

Except as specifically provided in Section 4(b) of this Agreement, Buyer shall not assume and shall not acquire take over, or be responsible for any liabilities or obligations of SELLER, known or unknown, relating to or arising from the operation of the Store by SELLER prior to the Closing Date (such liabilities or obligations not assumed by Buyer are referred to in this Agreement as **Seller's Liabilities**) SELLER shall pay all of Seller s Liabilities

b **Assumed Liabilities**

Buyer shall assume only those contracts leases agreements and liabilities listed on **Schedule 4(b)** attached to this Agreement and incorporated into this Agreement by reference (collectively the '**Assumed Liabilities**) in connection with Buyer s acquisition of the Store On the Closing Date Buyer shall execute the Assumption Agreement in substantially the form of **Attachment I** attached to this Agreement and incorporated into this Agreement by reference (the **Assumption Agreement**) with respect to the Service Agreements and the Assumed Liabilities Buyer shall pay all of the Assumed Liabilities and shall indemnify, defend and hold harmless Seller from all loss cost, damage or expense related to the Assumed Liabilities as provided in Section 13 of this Agreement

5 **INITIAL TRAINING AGREEMENT, FRANCHISE AGREEMENT AND SUBLEASE**

a **Initial Training Agreement**

If the Store is the first Sweet Factory Store to be owned and operated by Buyer, concurrently with the parties execution of this Agreement Buyer and Franchisor shall execute Franchisor's Initial Training Agreement in the form of **Attachment C** Buyer shall attend and complete Franchisor s Initial Training Program for franchisees offered by Franchisor (the **Initial Training Program**) to Franchisor s satisfaction as

determined by Franchisor, in its sole and absolute discretion in order to become eligible to become a Franchisee of Franchisor

b **Franchise Agreement** On the Closing Date, Buyer and Franchisor shall execute a Franchise Agreement for the Store in the form of **Attachment D**

c **Sublease** On the Closing Date, Buyer and Seller shall execute a Sublease for the Franchised Location in the form of **Attachment G** Seller, in its discretion, shall exert Seller s commercially reasonable best efforts to obtain the consent of the Master Landlord to the Sublease if such consents is required Buyer shall provide to the Master Landlord such financial statements and other information concerning Buyer as the Master Landlord may reasonably require to grant the Master Landlord's consent to the Sublease Buyer shall pay all costs and fees, if any, that the Master Landlord may charge in connection with the Master Landlord s determination to grant the Master Landlord s consents to the Sublease, and may, therefore, not be available prior to the Closing Date because of administrative procedures of the Master Landlord Seller and Buyer therefore agree that the Escrow shall close if all other conditions to the close of the Escrow have been satisfied even if the written consent of the Master Landlord to the Sublease has not been received prior to the Closing Date If the Master Landlord does not ultimately consent to the subletting of the Franchised Location by Seller to Buyer, the sale of the Assets by Seller and the sale of the franchise rights by FRANCHISOR and all documents executed by Seller Buyer and FRANCHISOR, shall be canceled by Seller, Buyer and FRANCHISOR and shall become null and void and all monies paid by Buyer to Seller and FRANCHISOR, less all profits derived by Buyer from the operation of the Store prior to the cancellation of the sale of the Assets and the franchise shall be refunded to Buyer

6 THE ESCROW AND THE CLOSING DATE

a Escrow Holder and Escrow

Franchisor shall deposit a fully executed copy of this Agreement with _____, **Telephone** _____, **Facsimile** _____ (the '**Escrow Holder**') to the attention of _____, immediately following the parties execution of this Agreement Delivery of a copy of this Agreement to the Escrow Holder shall constitute the parties authorization to the Escrow Holder to proceed with Bulk Sale Escrow Number _____ (the **Escrow**) with respect to this transaction

b Closing and Closing Date

Unless extended in writing by Seller and Buyer, the Escrow shall close (the '**Closing**) on _____ (the **Closing Date**) The Closing shall take place at the offices of the Escrow Holder at 10 00 A M on the Closing Date If the Closing does not occur on the Opening Date Seller may terminate this Agreement without any liability to Buyer

7 REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer that except as set forth on the Schedules attached to this Agreement (each section of which qualifies the correspondingly numbered representation and warranty)

a Due Organization and Authorization

Seller (i) is duly organized validly existing and in good standing under the laws of the State of Nevada and (ii) has the power and authority to enter into this Agreement and the documents referenced in this Agreement and to consummate the transactions contemplated by this Agreement and otherwise to perform Seller s obligations under this Agreement This Agreement has been duly authorized and executed by

Seller and constitutes the legal, valid and binding obligation of Seller enforceable against Seller in accordance with its terms

b **Violation**

The execution and delivery of this Agreement by Seller and the consummation of the transactions contemplated by this Agreement do not and will not (i) violate any provision of the Articles of Organization of Seller, (ii) violate any material court or administrative order, process, judgment or decree to which Seller is a party or by which it (or any of its respective properties or assets) is bound or (iii) result in the creation or imposition of any material lien, charge, pledge, security interest or other encumbrance upon the Assets pursuant to any provision of, any mortgage, lien, lease, agreement, license, or instrument to which Seller is a party or by which Seller is bound

c **Consents**

No consent or approval by, or any notification of or filing with, any person (governmental or private) is required in connection with the execution, delivery and performance by Seller of this Agreement or the consummation of the transactions contemplated by this Agreement other than the consent of the Master Landlord as described in Section 5 of this Agreement, if the same is required by the terms of the Master Lease

d **Assets**

There are no proceedings affecting any of the Assets pending or, to the knowledge of Seller, threatened which may reasonably be expected to (i) adversely curtail the use of the Assets for the purpose for which they were acquired or the purpose for which they are now used or (ii) adversely curtail the business or operation of the Store The Assets will constitute substantially all of the assets and interests in assets that are used by Seller in the conduct of the business of the Store as currently being conducted other than the Excluded Assets

e **Encumbrances**

On the Closing Date, Seller shall have good and marketable title to the Assets, free and clear of any and all liens claims, judgments, taxes, encumbrances security interests, debts or other adverse claims or rights of any kind The Escrow Holder shall provide Buyer, at Buyer s expense, with (i) the results of a UCC search prior to the Closing Date to confirm that the Assets are in fact free and clear of any liens claims, judgments, taxes encumbrances security interests, debts or other adverse claims or rights of any kind In the event that such search shall disclose any liens claims, judgments taxes encumbrances, security interests debts or other adverse claims or rights of any kind Seller shall exert Seller s best efforts to cause each and all of the same to be paid and/or removed on or before the Closing Date

f **Financial Information/Operating Expenses**

Seller has previously delivered to Buyer unaudited Financial Statements for the Store (the **Financial Statements**) for the _____ (__) month period ending on _____ the _____ (___) month period ending on _____, _____, and the _____ (___) month period ending on _____, _____ (the **Reporting Period**), a copy of which Financial Statements are attached this Agreement as **Schedule 7(f)** and are incorporated into this Agreement by reference The Financial Statements were true, correct and complete in all material respects as of the date that they were prepared and were prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the Reporting Period, except as otherwise noted therein and subject (in the case of interim financial statements) to year end audit adjustments

g **Ordinary Course of Business**

Since _____ (i) Seller has operated the Assets and the Store in the ordinary course consistent with past practice, (ii) there have not been any material changes in the operations or financial condition of the Store, (iii) there has not been any material asset sold or disposed of (except inventory sold in the ordinary course of business), any material Asset mortgaged, pledged or subjected to any lien, charge or other encumbrance, and (iv) there has not been any agreement by Seller to sell or transfer any Asset other than in the ordinary course of business

h **Compliance with Laws**

To the best knowledge of Seller the Store has been operated in compliance with all applicable federal, state and local laws, regulations and ordinances including, without limitation, 'Environmental Laws (as defined below) relating to the operation of the Store For purposes of this Agreement, the term "Environmental Laws shall mean any federal, state or local statute, ordinance, rule or regulation relating to (i) pollution or protection of the environment or (ii) exposure of persons including employees, to toxic or hazardous substances or other products

i **Inventory**

The Inventory listed on **Schedule 2(a) (iii)** is usable and salable in the ordinary course of business On the Closing Date Seller shall have good and marketable title to the Inventory, free and clear of any and all liens, claims judgments, taxes, encumbrances, security interests debts or other adverse claims or rights of any kind

j **Permits and Licenses**

On the Closing Date Seller shall have all permits, and governmental licenses and registrations necessary to carry on the business of the Store (as presently conducted) as required by law or the rules and regulations of any federal, state county or local governmental agency having jurisdiction over it The Licenses are in good standing and are in full force and effect

k **Master Lease**

Seller has delivered a full and complete copy of the Master Lease to Buyer prior to the date of this Agreement There are no written amendments to the Master Lease or other agreements between Seller and the Master Landlord reflecting the understandings between Seller and the Master Landlord under the Master Lease which have not heretofore been delivered to Buyer by Seller There are no oral amendments or other agreements between Seller and the Master Landlord which have not been memorialized in a written instrument and expressly agreed to by Seller and the Master Landlord Seller has not received notice of any breach or default of any material term or provision of any of the Master Lease and, to the best knowledge of Seller Seller is not in breach or in default of any material term or provision of the Master Lease as of the date of this Agreement Provided that the consents of the Master Landlord, if required, have been obtained Seller has the right to sublet the Franchised Location to Buyer with the written consent of the Master Landlord and the consummation of the transactions contemplated by this Agreement will not result in or constitute a breach of any material term or provision of the Master Lease or a default or an event which with notice or lapse of time or both would be a default, breach or violation of any material term or provision of the Master Lease The Master Lease is in full force and effect as written and on the Closing Date Seller will be in material compliance therewith

l **Litigation**

Except as listed in **Schedule 7(l)** attached to this Agreement and incorporated into this Agreement by reference, there is no pending, or to the knowledge of Seller, threatened suit, action, arbitration or legal, administrative, or other proceeding against or affecting Seller the Store the Assets the Master Lease or the Licenses

m **Other Contracts**

Seller is not a party to any contracts, leases or agreements with respect to the Store other than the Service Agreements described on **Schedule 2(a)(ii)** and such other contracts, leases or agreements as are set forth on **Schedule 7(m)** attached to this Agreement and incorporated into this Agreement by reference (the **Other Contracts**) There is no default or event which, with notice or lapse of time, or both, would constitute a default by any party to the Service Agreements or the Other Contracts The Service Agreements and Other Contracts are in full force and effect as written and, on the Closing Date Seller will be in material compliance therewith

n **Employees**

All individuals employed in a non-exempt status at the Store on the Closing Date will be listed on **Schedule 7(n)** attached to this Agreement and incorporated into this Agreement by reference (the **'Employees**), will be employed on an **at will** basis and will be terminated by Seller effective as of the close of business on the Closing Date On the Closing Date, Seller will be current in the payment of all obligations and employee benefits due to such Employees and all Employees will be fully compensated with all monetary and other benefits accrued up to termination Seller shall be solely liable and responsible for all accrued salary vacation, and other compensation benefits payable up to the Closing Date Seller makes no warranty, express or implied, with respect to the qualifications or character of any employee at the Store Seller shall allow Buyer an opportunity to interview each of the Employees during the week prior to the Closing Date Buyer may tender employment to each of the Employees such employment to commence on terms mutually satisfactory to Buyer and the respective Employees, provided, however, if Buyer, in its sole discretion, determines that one or more of the Employees is not suitable for hire by Buyer, Buyer shall in no way be obligated to tender employment to and of such Employee(s)

o **No Violation**

Except as may be set forth on **Schedule 7(o)** attached to this Agreement and incorporated into this Agreement by reference Seller has not received notice of any violation of any applicable federal, state or local statute, law or regulation (including without limitation any applicable Environmental Law or applicable building, zoning health employment or other law, ordinance or regulation) relating to or directly or materially affecting the Assets or the Store and, to the best knowledge of Seller there are no such violations by Seller

p **Ownership of Store** Seller and its affiliates have been the owners of the Store during the three (3) year period preceding the date of this Agreement

8 **REPRESENTATIONS AND WARRANTIES OF BUYER**

Buyer represents and warrants to Seller that except as set forth on the Schedules attached to this Agreement (each Section of which qualifies the correspondingly numbered representation and warranty)

a **Due Organization [Incorporation] and Authorization** Seller (i) is duly organized validly existing and in good standing under the laws of the State of Nevada (ii) is qualified to conduct business

in the State of _____, and (iii) has the power and authority to enter into this Agreement and the documents referenced in this Agreement and to consummate the transactions contemplated by this Agreement and otherwise to perform Seller s obligations under this Agreement This Agreement has been duly authorized and executed by Seller and constitutes the legal, valid and binding obligation of Seller enforceable against Seller in accordance with its terms

This Agreement has been duly authorized and executed by Buyer and constitutes the legal valid and binding obligation of Buyer enforceable against Buyer in accordance with its terms

b **Violation**

The execution and delivery of this Agreement by the Buyer and the consummation of the purchase of the Assets and the assumption of the Assumed Liabilities contemplated by this Agreement will not violate any material court or administrative order, process, judgment or decree to which either Buyer is a party or by which Buyer is bound

c **Consents**

No consent or approval by or any notification of or filing with, any person (governmental or private) is required in connection with the execution delivery and performance by Buyer of this Agreement or the consummation of the transactions contemplated by this Agreement, other than the consent of the Master Landlord, as described in Section 5 of this Agreement, if the same is required by the terms of the Master Lease

d **Condition of Assets**

Buyer will conduct an independent inspection of the Store and the Assets prior to the Closing Date and will have continuing access to the Store and the Assets to view and inspect the Store and the Assets following the Opening Date and prior to the Closing Date Buyer acknowledges and agrees that Buyer will fully and carefully inspect and review the Store and the Assets and will make Buyer s independent determination to proceed with this transaction on the Closing Date

e **Recognition of Business Risks**

Buyer has conducted an independent investigation of the proposed franchise and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability of Buyer as an independent business person Franchisor expressly disclaims the making of and Buyer acknowledges and agrees that Buyer has not received any warranty or guarantee, express or implied as to the potential sales income, profits, or success of the business venture contemplated by this Agreement or of other Stores Buyer further acknowledges and agrees that Buyer has been advised by Seller that

(i) Buyer s costs for inventory, employee benefits, supplies insurance and other items for the Store will likely exceed Seller s costs for the same items due to advantageous pricing, rebates or bulk pricing discounts or allowances provided to Seller by its vendors because of the high volume of purchases by Seller

(ii) The Financial Statements do not include expenditures for a number of expense items which Buyer will incur in the operation of the Store as a franchisee of Franchisor, including without limitation royalties, institutional advertising fees, local advertising expenses, audit expenses interest on overdue payments accounting and professional fees, additional training expenses web site fees and maintenance expenses and the like

f **Financial Statements**

No employee, agent or other person speaking on behalf of Seller or Franchisor has made any statement or promise to Buyer with respect to the Financial Statements attached to this Agreement as Schedule 7(f) that

(i) The **Sales** of the Store in any period subsequent to the Reporting Period will equal or exceed the Sales of the Store during the Reporting Period Buyer acknowledges and agrees that sales will vary in the future and will depend upon many factors, including, without limitation general economic conditions the extent, duration and effectiveness of marketing and promotional efforts conducted by Seller, seasonal fluctuations in the purchase of confections and related products by consumers retail prices of confections and related products offered at the Store, variations in disposable income and population, competition in the confections' business, consumer preferences, opportunities for consumers to purchase these goods from discount retailers and over the Internet, and the like

(ii) The **Cost of Goods Sold** of the Store in any period subsequent to the Reporting Period will equal be less than or exceed the Cost of Goods Sold of the Store during the Reporting Period Buyer acknowledges and agrees that the Cost of Goods Sold will vary in the future and will depend upon many factors including, without limitation, general economic conditions, the availability of, and wholesale and retail prices for, ingredients used to manufacture the confections and other products sold at the Store, seasonal fluctuations in the availability of, and wholesale and retail prices for, ingredients used to manufacture the confections and other products sold at the Store and variations in freight and other costs due to the volatility of worldwide prices for oil and oil related products and the like

(iii) The **Operating Expenses-Payroll** of the Store in any period subsequent to the Reporting Period will equal, be less than or exceed the Operating Expenses-Payroll of the Store during the Reporting Period Buyer acknowledges and agrees that the Operating Expenses-Payroll will vary in the future and will depend upon many factors, including without limitation, general economic conditions potential changes in the minimum wage laws in the State in which the Store is located increases in the costs for employee benefits for Buyer s employees, and the like

(iv) The **Operating Expenses-Occupancy** of the Store in any period subsequent to the Reporting Period will equal, be less than or exceed the Operating Expenses-Occupancy of the Store during the Reporting Period Buyer acknowledges and agrees that the Operating Expenses-Occupancy will vary in the future and will depend upon many factors, including, without limitation, general economic conditions rent escalation provisions in the Master Lease and Sublease, an increase in the costs of the Master Landlord to provide common area maintenance in the shopping mall in which the Franchised Location is located an increase in real or personal property taxes resulting from a reassessment or sale, and variations in utility costs due to the volatility of worldwide prices for oil and oil related products, and the like

(v) The **Other Operating Expenses** of the Store in any period subsequent to the Reporting Period will equal, be less than or exceed the Other Operating Expenses of the Store during the Reporting Period Buyer acknowledges and agrees that the Other Operating Expenses will vary in the future and will depend upon many factors, including, without limitation, general economic conditions an increase in costs of insurance postage or business licenses, repair and maintenance provisions in the Master Lease and Sublease for the Franchised Location, deferred maintenance conditions, acts of God, and the like

g **Receipt of Franchise Disclosure Document**

Buyer received a copy of the complete Sweet Candy Franchise, LLC Franchise Disclosure Document for Sweet Factory stores which contains a copy of this Agreement, a copy of the complete Sweet

Candy, LLC Franchise Agreement for Sweet Factory stores the attachments thereto, and agreements relating thereto if any, at least fourteen (14) calendar days prior to the date on which this Agreement was executed Buyer further acknowledges that Buyer has received a copy of the complete current form of Franchise Agreement for Sweet Factory stores, the attachments thereto and agreements relating thereto, if any, prior to the date on which the Franchise Agreement will be executed Buyer acknowledges and agrees that Franchisor has made no promises representations, warranties or assurances to Buyer which are inconsistent with the terms of this Agreement or Franchisor's Disclosure Document concerning the profitability or likelihood of success of the Store at the Franchised Location, that he has been informed by Franchisor that there can be no guaranty of success in the franchised business and that Buyer s business ability and aptitude is primary in determining Buyer s success

h **Review of Franchise Disclosure Document**

Buyer has read and understood this Agreement, the attachments hereto, and agreements relating thereto, if any, and that Franchisor has accorded Buyer ample time and opportunity to consult with advisors and counsel of Buyer s own choosing about the potential benefits and risks of entering into this Agreement

i **No Representations by Seller or Franchisor**

Prior to the date of Buyer's execution of this Agreement, no employee, agent or other person speaking on behalf of Seller or Franchisor made (i) any statement or promise to Buyer concerning projected revenues, profits or operating costs of a Sweet Factory franchised business (ii) any statement or promise to Buyer regarding the amount of money Buyer may earn in operating a Sweet Factory franchised business, (iii) any statement or promise to Buyer concerning the total amount of revenue a Sweet Factory franchised business will or may generate, or (iv) any statement or promise to Buyer regarding the costs Buyer will or may incur in operating a Sweet Factory franchised business

j **Atypical Arrangements**

Seller may modify the terms of its offer for the sale of Sweet Factory Stores to other buyers in any manner and at any time, which offers have or may have terms conditions, and obligations which may differ from the terms, conditions, and obligations in this Agreement Buyer further acknowledges and agrees that Seller has made no warranty or representation that all Asset Purchase Agreements previously issued or issued after this Agreement by Seller do or will contain terms substantially similar to those contained in this Agreement Seller may, in Seller s reasonable business judgment and its sole and absolute discretion, due to local business conditions or otherwise, waive or modify comparable provisions of other Asset Purchase Agreements previously executed or executed after the date of this Agreement with other buyers of Sweet Factory Stores in a non-uniform manner

k **Representation by Counsel**

Buyer has been represented by independent legal counsel of Buyer's own selection in connection with the review of the terms and consequences of this Agreement On the Closing Date Buyer shall provide Seller and Franchisor with a letter from Buyer s legal counsel in a form satisfactory to Seller attesting that Buyer s counsel has reviewed the provisions of this Agreement with Buyer, including, without limitation, the provisions of this Section 8

l **Ownership of Store** Buyer has been advised by Seller that Seller and its affiliates have been the owners of the Store during the three (3) year period preceding the date of this Agreement

9 **OTHER AGREEMENTS**

a **Condition of Equipment and Walk Through**

All Assets sold pursuant to this Agreement are sold **AS IS Seller MAKES NO WARRANTIES WITH RESPECT TO THE ASSETS UNLESS SPECIFICALLY PROVIDED ELSEWHERE IN THIS AGREEMENT, SELLER MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THOSE WITH RESPECT TO THE CONDITION OF THE ASSETS, THEIR MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR WITH RESPECT TO PATENT INFRINGEMENT OR THE LIKE** There shall be no abatement of the Purchase Price and Seller shall have no liability to Buyer for any claim, loss or damage as a result of any non-operating deficiency or defect in the Assets, the use or performance of the Assets, or any interruption or loss of service or of use of the Assets

b **Walk Through** Seller and Buyer shall conduct a walk-through of the Store on or before the Closing Date (the '**Walk Through**') to determine the condition of the Equipment and Seller shall prepare a written list of any repairs to be made (the **Repair List**') to the Equipment at the Walk Through The Repair List shall be the final and conclusive listing of all repairs to be made to the Equipment as of the Closing Date for all purposes and Seller shall have no responsibility whatsoever for any repairs which are not listed on the Repair List prepared at the Walk Through Unless the parties otherwise agree, Seller will complete all repairs on the Repair List within thirty (30) days after the Closing Date All repairs required after repairs to the items on the Repair List are completed by Seller shall be the sole and absolute responsibility of Buyer, at Buyer s own expense

c **Access to Books and Records**

c **Access to Books and Records** Buyer may, prior to the Closing Date through its representatives, review the Business Records of the Store to familiarize itself with the Assets, the Master Lease and other matters related to the Store In addition, the Business Records shall be retained by Seller in order to comply with applicable laws and taxation regulations If, and to the extent that Seller is no longer required to retain the Business Records, Seller shall notify Buyer of Seller s intent to destroy the Business Records and, upon written request by Buyer, shall forward the Business Records to Buyer In addition, if, and to the extent, that Buyer needs access to the Business Records in connection with Buyer's conduct of the business of the Store after the Closing Date, Seller shall cooperate with Buyer and provide Buyer with reasonable access to the information that Buyer requires and provide copies of such records to Buyer upon Buyer s written request Buyer shall pay Seller for the actual cost for duplication of such Business Records

d **Confidentiality**

Buyer and Seller shall hold in confidence (i) all documents and information obtained from each other their employees agents and independent contractors, (ii) the nature and content of this Agreement and all discussions between Buyer and Seller regarding the transactions contemplated by this Agreement, whether prior to or after the execution of this Agreement, and (iii) the fact that Seller and Buyer have entered into this Agreement (all of the above shall collectively be referred to herein as **Confidential Information**), and shall not disclose or convey any of such Confidential Information to any other person, provided, however that Buyer and Seller may disclose the Confidential Information (x) to such of their potential lenders employees, attorneys accountants and financial advisors as is reasonable to facilitate consummation of the transactions contemplated by this Agreement (y) to the extent any such disclosure is required by law, and (z) to the Master Landlord and other third parties as necessary to facilitate obtaining such parties consent to the transfer of Assets under this Agreement

e **Seller to Operate in Ordinary Course of Business**

During the period from the date of this Agreement to the Closing Date, Seller shall conduct the operations of the Store only in the ordinary and usual course of business consistent with past practices

f **Additional Actions**

Subject to the terms and conditions of this Agreement Seller and Buyer agree to use all commercially reasonable efforts to take, or cause to be taken, all commercially reasonable action and to do, or cause to be done, all things reasonably necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement as promptly as reasonably practicable In case at any time after the Closing Date any further action is necessary or desirable to carry out the purposes of this Agreement or to vest Buyer with full title to all properties assets rights approvals and immunities of Seller the proper officers directors or employees of Seller or Buyer shall take all such commercially reasonable action

g Utilities All utility and telephone service to the Store shall be discontinued in Seller s name as soon as practicable after the Closing Date Buyer shall use commercially reasonable efforts to transfer such services to Buyer s name so that there is no interruption of such services as a result of the transactions contemplated by this Agreement Seller shall not be responsible for payment of any related charges effective in each case, on or after the close of business on the Closing Date In the event that Seller is required to pay any utility expenses incurred after the Closing Date Buyer shall reimburse Seller within five (5) business days of Seller s request for such reimbursement Similarly, if Buyer pays any costs relating to the period prior to Closing Date Seller shall reimburse Buyer within five (5) business days of Buyer s written request for such reimbursement In all cases, a party s request for reimbursement shall be accompanied by evidence (reasonably satisfactory to the other) that such party has incurred the expense for which such party is requesting reimbursement

h **Transfer, Risk of Loss**

Buyer shall take over and assume management and operational control of the Store, shall acquire legal and beneficial ownership of the Assets related to the Store and shall assume, acquire take over and become responsible for the Assumed Liabilities and the Service Agreements as of the Closing Date Seller shall retain all risk of destruction, loss or damage due to fire or other casualty with respect to the Store and the Assets until the Closing Date

i **Pre-Closing Credits**

Buyer shall reimburse Seller within five (5) business days of receipt of any retroactive credits or other amounts which all or partially relate to any period prior to the Closing Date (i e , a real estate tax credit arising after the Closing Date that relates to the period nine (9) months before and three (3) months after the Closing Date will be reimbursed by Buyer to Seller to the extent of seventy-five percent (75%) of such credit received by Buyer)

j **Post-Closing Charges**

Seller shall reimburse Buyer within five (5) business days after receiving written notice from Buyer of any charges which all or partially relate to any period prior to the Closing Date and which are not Assumed Liabilities (i e , a real estate tax charge received from after the Closing Date that relates to the period nine (9) months before and three (3) months after the Closing Date will be reimbursed by Seller to the extent of seventy five percent (75%) of the bill)

k **Public Announcements**

Seller and Buyer shall consult with each other before issuing any press releases or otherwise making any public statements with respect to this Agreement or the transactions contemplated in this Agreement and Seller and Buyer shall not issue any such press release or make any such public statement prior to such consultation except to the extent required by law (including, without limitation the federal securities laws of the United States)

l **Additional Acknowledgements of Buyer**

Buyer acknowledges and agrees that (i) upon Closing, except as may be specifically set forth in the Franchise Agreement executed by Buyer pursuant to Section 5 of this Agreement, Seller shall have no continuing obligation to protect preserve, or otherwise support the business conducted by the Store (ii) no promise or representations of fact or opinion other than as expressed in this Agreement have been made by Seller or by any person on Seller s behalf, to induce Buyer to execute this Agreement, and (iii) Buyer enters into this Agreement with full knowledge and with the advice of independent legal counsel and/or other business advisors

m **Insurance Coverage**

Buyer shall be solely responsible for obtaining and maintaining public liability insurance from a responsible insurance company licensed to do business in the state in which the Franchised Location is located during the entire Term of the Franchise Agreement and the Sublease in amounts not less than those required by the Franchise Agreement the Sublease and the Master Lease On the Closing Date and at least ten (10) days prior to the time any insurance is first required to be carried by Buyer, and thereafter at least thirty (30) days prior to the expiration of any policy, Buyer shall deliver to Sublessor, Franchisor and the Master Landlord Certificates of Insurance evidencing the proper types and minimum amounts of required coverage All Certificates shall expressly provide that no less than thirty (30) days prior written notice shall be given to Sublessor, Franchisor and the Master Landlord in the event of material alteration to or cancellation or non-renewal of the coverages evidenced by such Certificates Certificates evidencing the required insurance shall name Sublessor, Franchisor and the Master Landlord, and each of their affiliates partners shareholders directors, agents members and employees as additional insureds and as additional loss payees, and shall expressly provide that any interest of each shall not be affected by any breach by Buyer of any policy provisions for which such Certificates evidence coverage

n **Refurbishment of Store**

Buyer at its own expense, shall refurbish the Store to enhance the image of the Store in the manner described on **Schedule 9(n)** attached to this Agreement and incorporated into this Agreement by reference, to conform to Franchisor s current standards and specifications and shall complete the refurbishing and other requirements within _____ (___) days following the Closing Date

o **Credit Report**

Seller or its designee may, prior to the Closing Date, through its representatives, access and run the Buyer s credit report In addition, if, and to the extent that Seller needs to run Buyer s credit report in connection with the financing for the purchase of the Assets after the Closing Date and through the term of the Franchise Agreement with Franchisor, Buyer shall cooperate with Seller and provide Seller with its consent to access and run the Buyer s credit report upon Seller's request Buyer shall reimburse Seller for the cost of pulling any such credit reports

10 CONDITIONS PRECEDENT TO BUYER'S PERFORMANCE

The obligation of Buyer to purchase the Assets on the Closing Date is subject to the receipt by Buyer of duly executed originals of the Franchise Agreement, the Sublease and a Bill of Sale for the Assets in substantially the form of **Attachment J** attached to this Agreement and a final version of **Schedule 2(a) (iii)** which shall set forth the final Inventory to be transferred pursuant to this Agreement

11 CONDITIONS PRECEDENT TO SELLER'S PERFORMANCE

The obligation of Seller to sell the Assets on the Closing Date is subject to the satisfaction by Buyer of all of the conditions set forth in this Section 11

a Receipt on the Closing Date

On or before the Closing Date

(i) Seller shall have received one (1) duly executed original of the Purchase Note in substantially the form of **Attachment E** attached to this Agreement

(ii) Seller shall have received three (3) duly executed originals of the Security Agreement in substantially the form of **Attachment F** attached to this Agreement

(iii) Seller shall have received three (3) duly executed originals of the Sublease in substantially the form of **Attachment G** attached to this Agreement as required by Section 5 of this Agreement

(iv) Seller shall have received three (3) duly executed originals of the Assumption Agreement in substantially the form of **Attachment I** attached to this Agreement

(v) Seller shall have received three (3) duly executed originals of the Franchise Agreement in substantially the form of **Attachment D** attached to this Agreement, and all related collateral documents

(vi) Seller shall have received three (3) duly executed originals of the General Release attached to this Agreement as **Attachment K** and incorporated into this Agreement by reference

(vii) Seller shall have received the remainder of the Purchase Price from the Escrow Holder

(viii) Seller and Franchisor shall have received two (2) duly executed original letters from Buyer s legal counsel attesting that such counsel has reviewed the provisions of this Agreement with Buyer

(ix Seller and Franchisor shall have received Certificates of Insurance evidencing the proper types and minimum amounts of required coverage as provided in Section 9(l) of this Agreement, the Franchise Agreement the Sublease and the Master Lease

(x) Seller shall have received such other documents as Seller may reasonably require to consummate the transaction contemplated by this Agreement

b Initial Training Program

Buyer shall have attended and completed Franchisor s Initial Training Program to Franchisor s satisfaction, as determined by Franchisor, in its sole and absolute discretion, prior to the Closing Date

c **Performance by Buyer**

Buyer shall have performed, satisfied and complied with all covenants agreements and conditions required by this Agreement to be performed or complied with by Buyer on or before the Closing Date

d **Accuracy of Buyer's Representations and Warranties**

All representations and warranties made by Buyer in this Agreement shall be true on and as of the Closing Date, as the case may be as if made at that time

12 **OBLIGATIONS ON THE CLOSING DATE**

a **Prorations**

All rents, sewer charges, water charges public utility charges, real and personal property taxes levied or assessed against the Assets and the Store and other items that are customarily prorated between a seller and a buyer of a business shall be prorated between Seller and Buyer as of the Closing Date and shall be paid by Seller or Buyer, as the case may be, on the Closing Date

b **Costs and Expenses**

Buyer shall pay all sales and/or use taxes arising from the sale of the Assets by Seller to Buyer, all lien search fees costs for publication of escrow notices and all escrow charges, costs and fees

c **Possession**

Seller shall put Buyer into full possession and enjoyment of the Store the Store Premises and the Assets and all other items required to be conveyed and transferred by Seller to Buyer under this Agreement at 12 01 A M on the Closing Date

d **Taxes** All sales transfer, use and similar taxes and recording and similar fees incurred in connection with the sale, conveyance or transfer of the Assets to Buyer to the extent required by the respective governmental authorities shall be paid in full by Buyer

13 **INDEMNIFICATION**

a **Indemnification by Seller** Seller shall indemnify, defend and hold Buyer free and harmless from and against any and all **Losses** (as defined in Section 13(c) below), which Buyer shall incur or suffer which arise or result from the operation or conduct of the business of the Store by Seller prior to the Closing Date from Seller s Liabilities and from any breach of Seller s representations, warranties or covenants contained in this Agreement

(i) Buyer shall be entitled to indemnification from Seller under this Section 13(a) only if the aggregate Losses for which Buyer is entitled to indemnification exceed $5,000 (the **Indemnification Threshold**), only to the extent of the excess of the Losses over the Indemnification Threshold and only if a claim for Losses is submitted in writing by Buyer to Seller within one (1) year after the Closing Date

(ii) The remedies provided in this Section 13(a) shall be the exclusive remedy for monetary damages (whether at law or in equity) and are in lieu of any statutory, common law equitable or other remedy which Buyer may have against Seller relating in any way to this Agreement the other documents

contemplated hereby and the transactions contemplated hereby and thereby Without limiting the generality of the foregoing, Buyer hereby expressly waives any right of offset Buyer may have against amounts otherwise owed to Seller under this Agreement Buyer acknowledges that the limitation on Buyer's remedies set forth in this Section 13(a) is a material term of this Agreement without which Seller would not have entered into this Agreement or the transactions contemplated hereby

b **Indemnification by Buyer** Buyer shall indemnify defend and hold Seller free and harmless from and against any and all Losses which Seller shall incur or suffer which arise or result from any injuries sustained by Buyer while at the Store prior to the Closing Date, from the operation or conduct of business at the Store by Buyer at any time after the Closing Date, from any breach of Buyer s representations warranties or covenants contained in this Agreement and from the Assumed Liabilities

c **Losses** For purposes of this Agreement **Losses** shall mean any and all obligations liabilities, costs (including reasonable attorneys fees), expenses, damages and losses actually incurred by a party entitled to indemnification under Section 13(a) and Section 13(b) of this Agreement net of any insurance proceeds and material tax adjustments, benefits savings or reductions to which such party is entitled by virtue of such obligations liabilities costs, expenses, damages and losses, provided however that **Losses** ' exclude all consequential damages of any kind (including but not limited to loss of revenue or income cost of capital or loss of business reputation or opportunity)

d **Obligations of Indemnified Party**

(i) A party entitled to indemnification under the provisions of this Section 13 (the '**Indemnitee**') shall promptly notify the indemnifying party (the **Indemnitor**) of the existence of any claim, demand or other matter to which the Indemnitor's indemnification obligations would apply and shall give the Indemnitor a reasonable opportunity to defend or pay the same at the Indemnitor s own expense and with counsel of Indemnitor's own selection

(ii) The Indemnitee shall at all times have the right to fully participate in the defense of any claim at the Indemnitee s own expense

(iii) If the Indemnitor shall, within a reasonable time after this notice fail to pay or defend, Indemnitee shall have the right but not the obligation, to undertake the defense of, and to compromise or settle (exercising reasonable business judgment), the claim or other matter on behalf, for the account, and at the risk of the Indemnitor

(iv) If the claim is one that cannot by its nature be defended solely by the Indemnitor then the Indemnitee shall make available all information and assistance that the Indemnitor may reasonably request for this purpose

e **Mitigation** Each Indemnitee shall be obligated in connection with any claim for indemnification under this Section 13 to use commercially reasonable efforts to mitigate Losses upon and after becoming aware of any event which could reasonably be expected to give rise to such Losses

14 **TERMINATION**

a **Termination by Seller**

This Agreement may be terminated at any time prior to the Closing Date by Seller (i) if there has been a breach by Buyer of any representation warranty covenant or agreement set forth in this Agreement on the part of Buyer which Buyer fails to cure within five (5) days after written notice thereof is given by Seller (except that no cure period will be provided for a breach by Buyer which by its nature cannot be cured)

(ii) if Buyer fails to complete the Initial Training Program within six (6) months after the parties execution of this Agreement, (iii) if Buyer does not complete the Initial Training Program to Franchisor s satisfaction (iv) if Buyer does not, during the Initial Training Program, appear to possess the skills necessary to properly fulfill and discharge the demands and responsibilities required by the System or the Franchise Agreement, or (v) if Buyer is not acceptable to become a franchisee of Franchisor for any reason whatsoever, in Franchisor s sole and absolute discretion Buyer shall have no right to terminate this Agreement If this Agreement is terminated by Seller, the obligations of Seller to complete the transactions contemplated by this Agreement will expire and Seller shall have any further obligations under this Agreement

b **Liquidated Damages**

SELLER and BUYER HEREBY ACKNOWLEDGE AND AGREE THAT IT WOULD BE DIFFICULT TO MEASURE SELLERS AGGREGATE DAMAGES IN THE EVENT OF A BREACH OF THIS AGREEMENT BY BUYER AND THAT ACCORDINGLY IN ADDITION TO, AND WITHOUT LIMITING ANY REMEDIES THAT MAY BE AVAILABLE TO SELLER FOR A BREACH OF THIS AGREEMENT SELLER AND BUYER ACKNOWLEDGE AND AGREE THAT A FAIR AND REASONABLE ESTIMATE OF SUCH DAMAGES IS THE ENTIRE DEPOSIT WHICH IN NO WAY REPRESENTS A PENALTY OF ANY SORT SELLER AND BUYER FURTHER ACKNOWLEDGE AND AGREE THAT IN THE EVENT OF THE TERMINATION OF THIS AGREEMENT AS A RESULT OF BUYER S BREACH OF THIS AGREEMENT PRIOR TO THE CLOSING DATE SELLER SHALL BE ENTITLED TO RETAIN THE ENTIRE DEPOSIT AS LIQUIDATED DAMAGES SELLER AND BUYER ACKNOWLEDGE AND AGREE THAT THIS PAYMENT IS A REASONABLE FORECAST OF THE DAMAGES LIKELY TO RESULT FROM SUCH BREACH BECAUSE OF THE LOST OPPORTUNITIES OF SELLER TO SELL THE STORE TO OTHER AVAILABLE BUYERS [AND THE COSTS TO SELLER TO CONSTRUCT THE TURN KEY UNIT] AND IS NOT A PENALTY OF ANY KIND SELLER AND BUYER FURTHER ACKNOWLEDGE AND AGREE THAT THE PAYMENT OF LIQUIDATED DAMAGES SHALL NOT BE CONSTRUED AS A RELEASE OR WAIVER BY SELLER OF THE RIGHT TO PREVENT THE CONTINUATION OF ANY BREACH OF THIS AGREEMENT AND SHALL NOT PRECLUDE OR BE CONSTRUED TO PRECLUDE SELLER FROM MAKING A SHOWING OF IRREPARABLE INJURY OR ANY OTHER ELEMENT THAT MAY BE NECESSARY TO SECURF INJUNCTIVE RELIEF

15 **BROKER'S FEES**

Each of the parties represents and warrants that such party has dealt with no broker or finder in connection with the transactions contemplated by this Agreement, and, insofar as it knows no broker or other person is entitled to any commission or finder s fee in connection with this transaction Each of the parties agrees to indemnify and hold the other harmless from and against any liability, claim damage, loss or expense incurred by reason of any brokerage commission or finder s fee alleged to be payable because of any act omission or statement of the indemnifying party

16 **SURVIVAL OF REPRESENTATIONS AND WARRANTIES**

All representations, warranties, covenants and agreements of the parties contained in this Agreement, or in any instrument or other writing provided for in this Agreement, shall survive the Closing Date

17 **APPROVALS, WAIVERS, AND NOTICES**

a **No Waiver**

No delay waiver, omission, or forbearance on the part of Seller to exercise any right, option, duty, or power arising out of any breach or default by Buyer of any of the terms, provisions, or covenants hereof, and no custom or practice by the parties at variance with the terms of this Agreement, shall constitute a waiver by Seller to enforce any such right option, or power as against Buyer, or as to a subsequent breach or

default by Buyer Subsequent acceptance by Seller of any payments due to Seller under this Agreement shall not be deemed to be a waiver by Seller of any preceding or succeeding breach by Buyer of any terms, covenants, or conditions of this Agreement

b **Notices**

All notices or demands shall be in writing and shall be served in person by Express Mail, by certified mail by private overnight delivery or by electronic transmission Service shall be deemed conclusively made (a) at the time of service, if personally served, (b) twenty-four (24) hours (exclusive of weekends and national holidays) after deposit in the United States mail properly addressed and postage prepaid, if served by Express Mail (c) upon the earlier of actual receipt or three (3) calendar days after deposit in the United States mail properly addressed and postage prepaid, Return Receipt Requested if served by Certified Mail (d) twenty-four (24) hours after delivery by the party giving the notice, statement or demand if by private overnight delivery and (e) one (1) business day after electronic transmission (with confirmation copy sent by regular United States mail Notices and demands shall be given to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party

Notices to Seller

Sweet Candy LLC
929 W Barkley Avenue
Orange, California 92868Fax 714-223 1081
Attention Managing Member

With a copy (which shall not constitute notice) to

Barry Kurtz, Esq
Kurtz Law Group, A Professional Corporation
21650 Oxnard Street Suite 500
Woodland Hills, California 91367
Fax 818-986-4474

Notices to Buyer

_____
_____
_____
Fax _____

Either party may change its address for the purpose of receiving notices demands and other communications as herein provided by a written notice given in the manner aforesaid to the other party

18 **ENTIRE AGREEMENT, SEVERABILITY, AND CONSTRUCTION**

a **Entire Agreement**

This Agreement the Preliminary Business Purchase Agreement attached to this Agreement as Attachment L any attachments hereto the Confidentiality and Indemnity Agreement executed by Buyer in favor of Seller and Franchisor the Escrow Instructions, and any ancillary agreements between Buyer and Seller, or any affiliate, which are executed contemporaneously with this Agreement, constitute the entire and complete Agreement between Seller (and, if applicable, any affiliate) and Buyer concerning the subject matter thereof, and supersede all prior agreements Except for those permitted under this Agreement to be made unilaterally by Seller no amendment, change or variation from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing No officer or employee or agent of Seller has any authority to make any representation or promise not contained in this Agreement and Buyer agrees that it Buyer has executed this Agreement without reliance upon any such

representation or promise This Agreement cannot be modified or changed except by written instrument signed by all of the parties hereto

b **Severability and Construction**

Except as expressly provided to the contrary herein each section, paragraph, part, term and provision of this Agreement shall be considered severable and if, for any reason any section, paragraph, part, term, provision, and/or covenant herein is determined to be invalid and contrary to or in conflict with any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, paragraphs parts, terms, provisions and/or covenants of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto, and the invalid portions, sections paragraphs, parts terms, provisions and/or covenants shall be deemed not to be a part of this Agreement Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement whether under any rule of construction or otherwise On the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used to fairly accomplish the purposes and intentions of all parties to this Agreement Seller and Buyer intend that if any provision of this Agreement is susceptible to two or more constructions one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, the provision shall be given the meaning that renders it enforceable

c **Titles For Convenience** Article and Section titles used in this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants or conditions of this Agreement

d **Gender And Construction** The terms of all Attachments hereto are hereby incorporated into and made a part of this Agreement as if the same had been set forth in full herein All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context or sense of this Agreement or any Article or Section hereof may require As used in this Agreement the words include, 'includes' or 'including' are used in a non-exclusive sense Unless otherwise expressly provided herein to the contrary, any consent, acceptance, approval or authorization of Seller which Buyer may be required to obtain hereunder may be given or withheld by Seller in its sole discretion, and on any occasion where Seller is required or permitted hereunder to make any judgment, determination or use its discretion, including any decision as to whether any condition or circumstance meets Seller s standards or satisfaction, Seller may do so in its sole subjective judgment and discretion Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against the drafter hereof whether under any rule of construction or otherwise On the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all parties hereto Seller and Buyer intend that if any provision of this Agreement is susceptible to two (2) or more constructions one (1) of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable

e **Survival of Obligations**

Any provision or covenant of this Agreement which expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement shall survive such expiration or termination

f **Survival of Modified Provisions**

Buyer expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision of this Agreement as though it were separately articulated in and made a part of this Agreement that may result from striking from any of the

provisions of this Agreement any portion or portions which a court or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which Seller is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court or agency order

g **Counterparts and Electronic Copies**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument Signatures transmitted electronically or by facsimile will be deemed original signatures Electronic copies of this Agreement shall constitute and be deemed an original copy of this Agreement for all purposes, provided that such electronic copies are fully executed, dated and identical in form to the original hard copy version of this Agreement

19 **APPLICABLE LAW**

a **Choice of Law**

This Agreement takes effect upon its acceptance and execution by Seller in California, and shall be interpreted and construed under the laws of California In the event of any conflict of law the laws of California shall prevail, without regard to the application of California conflict of law rules If, however any provision of this Agreement would not be enforceable under the laws of California, and if the Store is located outside of California and such provision would be enforceable under the laws of the state in which the Store is located then such provision shall be interpreted and construed under the laws of that state Nothing in this Section 19(a) is intended by the parties to subject this Agreement to any franchise or similar law rules, or regulation of any state to which it would not otherwise be subject

b **Venue**

The parties agree that any action brought by either party against the other in any court, whether federal or state shall be brought within the State of California in the county in which Seller has its principal place of business at the time the action is initiated, and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision

c **Non-exclusivity of Remedy**

Except as otherwise expressly provided in this Agreement no right or remedy conferred upon or reserved to Seller or Buyer by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy

d **Limitation of Adjudicative Proceedings**

Seller and Buyer irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity brought by either of them against the other, whether or not there are other parties in such action or proceeding Any and all claims and actions arising out of or relating to this Agreement brought by any party hereto against the other shall be commenced within two (2) years from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred Seller and Buyer hereby waive to the fullest extent permitted by law any right to or claim of any punitive or exemplary damages against the other and agree that in the event of a dispute between them each shall be limited to the recovery of any actual damages sustained by it

20 **ANTI-TERRORISM LAWS**

Buyer and its officers, directors, members and shareholders,, and each of them, shall comply with and/or assist Franchisor to the fullest extent possible in Franchisor s efforts to comply with Anti-Terrorism Laws (as defined below) In connection with such compliance Buyer and its officers, directors, members and shareholders, and each of them, certify represent and warrant that none of the property or interests of Buyer or its officers directors members and shareholders is subject to being "blocked' under any of the Anti-Terrorism Laws and that Buyer and its officers, directors, members and shareholders, and each of them, are not otherwise in violation of any of the Anti-Terrorism Laws

a **Definition** For the purposes of this Section 20, "**Anti-Terrorism Laws**' means Executive Order 13224 issued by the President of the United States the Terrorism Sanctions Regulations (Title 31, Part 595 of the U S Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31 Part 597 of the U S Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U S Code of Federal Regulations) the USA Patriot Act, and all other present and future federal, state and local laws, ordinances regulations policies, lists and any other requirements of any Governmental Authority (including without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war

b **Annex** Buyer and its officers, directors members and shareholders, **and each of them,** certify that none of its employees, or anyone associated with Buyer or officers, directors, members and shareholders are listed in the Annex to Executive Order 13224 Buyer agrees not to hire any individual listed in the Annex The Annex is available at

http //www treasury gov/offices/enforcement/ofac/sanctions/terrorism html

c **No Knowledge** Buyer certifies that Buyer has no knowledge or information that if generally known would result in Buyer, its officers directors, members and shareholders its employees or anyone associated with Buyer to be listed in the Annex to Executive Order 13224

d **Indemnity** Buyer shall be solely responsible for ascertaining what actions must be taken by Buyer to comply with the Anti-Terrorism Laws and Buyer specifically acknowledges and agrees that Buyer s indemnification responsibilities set forth in this Agreement pertain to Buyer's obligations under this Section 20

e **Termination** Any misrepresentation by Buyer under this Section 20 or any violation of the Anti Terrorism Laws by Buyer, its officers directors, members and shareholders, or Buyer s employees shall constitute grounds for immediate termination of this Agreement and any other Agreement Buyer has entered with Seller or an affiliate of Seller, in accordance with the terms of this Agreement

21 **ACKNOWLEDGMENTS**

a **General** Buyer, and its owners, jointly and severally acknowledge that they have carefully read this Agreement and all other related documents to be executed concurrently or in conjunction with the execution hereof, that they have obtained the advice of counsel in connection with entering into this Agreement that they understand the nature of this Agreement and that they intend to comply herewith and be bound hereby Seller expressly disclaims making, and Buyer acknowledges that it or they have not received or relied on any warranty or guarantee, express or implied as to the potential volume, profits expenses or success of the business venture contemplated by this Agreement

b **Independent Investigation** Buyer acknowledges that Buyer has conducted an independent investigation of the business franchised hereunder recognizes that the business venture contemplated by this Agreement involves business risks and that its Buyer s success will be largely dependent upon the ability of Buyer and if an entity its owners, as independent businesspersons Seller expressly disclaims

the making of, and Buyer acknowledges that it has not received, any warranty or guarantee express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement

c **Opportunity to Consult** Buyer acknowledges that it has read and understood this Agreement, the Attachments hereto and any agreements relating hereto, if any, and that Seller has accorded Buyer ample time and opportunity to consult with advisors of Buyer's own selection about the potential benefits and risks of entering into this Agreement

d **Disclosure Document** Buyer acknowledges that it has received a copy of the complete Sweet Candy Franchise, LLC Disclosure Document which contains a copy of this Asset Purchase Agreement at least fourteen (14) calendar days prior to the date on which this Agreement was executed Buyer acknowledges and agrees that Seller has made no promises, representations, warranties or assurances to Buyer which are inconsistent with the terms of this Agreement or the Disclosure Document, concerning the profitability or likelihood of success of the Store at the Franchised Location that Buyer has been informed by Seller that there can be no guarantee of success in the Store and that Buyer s business ability and aptitude is primary in determining his success

e **Atypical Terms** Buyer acknowledges and agrees that Seller may modify the offer of its franchises to other Sweet Factory franchisees in any manner and at any time, which such offers have or may have terms, conditions and obligations which may differ from the terms, conditions and obligations in this Agreement Buyer further acknowledges and agrees that Seller has made no warranty or representation that all Franchise Agreements previously issued or issued after this Agreement by Seller do or will contain terms substantially similar to those contained in this Agreement Seller may, in its reasonable business judgment and its sole and absolute discretion, due to local business conditions or otherwise, waive or modify comparable provisions of other Franchise Agreements previously executed or executed after the date of this Agreement with other Sweet Factory franchisees in a non-uniform manner

f **Attorneys' Fees**

If Seller becomes a party to any legal proceedings concerning this Agreement the Store or the Franchised Location by reason of any act or omission of Buyer or its authorized representatives, Buyer shall be liable to Seller for the reasonable attorneys fees and court costs incurred by Seller in the legal proceedings If either party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys fees and costs of suit

g **Additional Documents**

Each of the parties agrees to execute acknowledge and deliver to the other party and to procure the execution acknowledgment and delivery to the other party of any additional documents or instruments which either party may reasonably require to fully effectuate and carry out the provisions of this Agreement

h **Transfers** Seller shall have the right to transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity Buyer shall not have the right to transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity

i **Attachments and Schedules**

Seller shall have the right to amend and update all of the Attachments and Schedules attached to this Agreement up to the Closing Date to accurately reflect the information referred to therein Seller shall deliver to Buyer a final version of all of such Attachments and Schedules on or before the Closing Date

IN WITNESS WHEREOF the parties have executed this Agreement on the date first shown above

SELLER

SWEET CANDY LLC

By _____

Name _____

Title

BUYER

_____,

[ ] A _____ corporation,
[ ] A _____ limited liability company
[ ] A _____ general partnership,
[ ] A _____ limited partnership,
[ ] An individual
[ ] Other (specify) _____

By _____

Name _____

Title _____, and Individually

ENTITY INFORMATION

If Buyer is an entity, Buyer represents and warrants that the following information is accurate and complete in all material respects

(1) Buyer is a (check as applicable)
[ ] corporation
[ ] limited liability company
[ ] general partnership
[ ] limited partnership
[ ] Other (specify) _____

State of incorporation/organization _____

(2) Buyer shall provide to Seller concurrently with the execution hereof true and accurate copies of its charter documents including Articles of Incorporation Bylaws, Operating Agreement Partnership Agreement, resolutions authorizing the execution hereof and any amendments to the foregoing (**Entity Documents**)

(3) Buyer promptly shall provide such additional information as Seller may, from time to time request concerning all persons who may have any, direct or indirect financial interest in Buyer

(4) The name and address of each of Buyer s Owners, members, or general and limited partners

NAME	ADDRESS	NUMBER OF SHARES OR PERCENTAGE INTEREST (if applicable)

(5) There is set forth below the names addresses and titles of Buyer s Principal Officers or partners who will be devoting their full time to the Store

NAME	ADDRESS	TITLE

(6) The address where Buyer s Financial Records and Entity Documents (e.g., Articles of Incorporation Bylaws Operating Agreement, Partnership Agreement etc) are maintained is _____

(SIGNATURES ON FOLLOWING PAGE)

SELLER

SWEET CANDY, LLC,
A Nevada limited liability company

By _____
Title _____

BUYER

_____,

[ ] A _____ corporation,
[ ] A _____ limited liability company,
[ ] A _____ general partnership,
[ ] A _____ limited partnership
[ ] An individual
[ ] Other (specify) _____

By _____

Name _____

Title _____, and Individually

ATTACHMENTS

ATTACHMENT A	STORE
ATTACHMENT B	FRANCHISE LOCATION, MASTER LEASES AND MASTER LANDLORD
ATTACHMENT C	INITIAL TRAINING AGREEMENT
ATTACHMENT D	FRANCHISE AGREEMENT
ATTACHMENT E	SECURED PROMISSORY NOTE
ATTACHMENT F	SECURITY AGREEMENT
ATTACHMENT G	SUBLEASE
ATTACHMENT H	GUARANTEES
ATTACHMENT I	ASSUMPTION AGREEMENT
ATTACHMENT J	BILL OF SALE
ATTACHMENT K	GENERAL RELEASE
ATTACHMENT L	PRELIMINARY BUSINESS PURCHASE AGREEMENT

SWEET CANDY FRANCHISE, LLC
ASSET PURCHASE AGREEMENT

ATTACHMENT A
STORE

SWEET CANDY FRANCHISE, LLC
ASSET PURCHASE AGREEMENT

ATTACHMENT B
FRANCHISED LOCATION, MASTER LEASE AND MASTER LANDLORD

Franchised Location

Master Lease Date

SWEET CANDY FRANCHISE, LLC
ASSET PURCHASE AGREEMENT

ATTACHMENT C
INITIAL TRAINING AGREEMENT

SWEET CANDY FRANCHISE, LLC
ASSET PURCHASE AGREEMENT

ATTACHMENT D
FRANCHISE AGREEMENT

SWEET CANDY FRANCHISE, LLC
ASSET PURCHASE AGREEMENT

ATTACHMENT E
SECURED PROMISSORY NOTE

SWEET CANDY, LLC
ASSET PURCHASE AGREEMENT

ATTACHMENT E
PROMISSORY NOTE

$_____ Anaheim, California _____,

1 **PRINCIPAL AND PAYMENT**

a FOR VALUE RECEIVED, the undersigned _____ _, a _____ (**Maker**) promises to pay Sweet Candy LLC a Nevada limited liability company, or order (**Payee**), without deduction or offset at the address specified for notice to Payee in Section 9 hereof (or at such other place as Payee shall specify in writing) in lawful money of the United States of America, the principal amount of _____ ($_____), together with interest thereon adjusted every six (6) months after the Closing Date at a rate equal to either the prime rate of interest, as published by the Western Edition of the Wall Street Journal **plus** three percent (3%) or _____ percent (____%) per annum whichever is greater, in _____ equal consecutive monthly payments, commencing with the first payment of $_____ (calculated at the current interest rate determined as of the Closing Date as _____ percent (___% per annum)), due on the first day of _____, _____, and continuing on the first day of each successive month thereafter until _____, _____, when this Promissory Note shall be paid in full in connection with Maker s purchase of the **Assets** at the Sweet Factory Store known as Sweet Factory #___ (the ' **Store**") located at _____ _____ (the **Franchised Location**)

2 **PREPAYMENT**

This Promissory Note may be prepaid at any time or from time to time, in whole or in part, without penalty

3 **APPLICATION OF PAYMENTS**

Each payment on this Promissory Note (whether made when due or otherwise) shall first be credited against any interest then due, and the remainder of such payment shall be credited against the unpaid principal

4 **DEFAULT, ACCELERATION**

If one (1) or more of the following events shall occur (**Events of Default** or an **Event of Default**)

a Maker shall default in the due and punctual payment of the obligation due hereunder whether at maturity, upon acceleration or otherwise, or in the performance by Maker of any remaining obligation under this Promissory Note, or fail to perform any representation, warranty or covenant or obligations under any loan agreement with any third-party lender, or its assignee for money borrowed for the Store and such default shall continue for a period of ten (10) days after written notice of such default is given by Payee to Maker, or

b Maker shall default in the performance of Maker s obligations under the ' **Security Agreement** between Maker and Payee dated _____, _____, under the Franchise Agreement dated _____, _____, between Maker and Sweet Candy, LLC a Nevada limited liability company

("**Franchisor**'), the Franchisor of Sweet Factory Stores, or under the Sublease between Maker and Payee dated _____, _____, and such default shall continue for a period of ten (10) days after written notice of such default is given by Payee to Maker or

c Maker shall sell, exchange transfer or make any other disposition of all or substantially all of the Assets (other than a transfer by Maker to an affiliated entity) of the Store, the Sweet Factory franchise located at the Franchised Location or any other Sweet Factory Store owned by Maker or its affiliates, whether individually or collectively or a transfer of 49% or more of the capital stock membership interests, partnership rights or other equity ownership interests of Maker, or

d Maker shall be adjudicated bankrupt or insolvent or make an assignment for the benefit of creditors, or Maker shall apply for or consent to the appointment of a custodian receiver, trustee or similar officer, for it or for all or any substantial part of its property, or such custodian, receiver trustee or similar officer shall be appointed without the application or consent of Maker and such appointment shall continue undischarged for a period of sixty (60) days, or

e Maker shall institute, by petition, application, answer, consent or otherwise, any bankruptcy insolvency reorganization moratorium arrangement readjustment of debt dissolution, liquidation or similar proceeding relating to it under the laws of any jurisdiction, or any such proceeding shall be instituted, by petition application or otherwise, against Maker and shall remain undismissed for a period of sixty (60) days,

THEN

upon the occurrence of an Event of Default under Sections 4(c), 4(d) or 4(e) above or Section 5(c) below automatically, and upon the occurrence of an Event of Default under Sections 4(a) or 4(b above or 5(a) or 5(b) below) and upon the election of Payee following the expiration of the ten (10) day period provided therein, the entire principal balance of this Note and all accrued interest without further demand, shall immediately become due and payable No delay or omission on the part of Payee in exercising any right under this Note shall operate as a waiver of such right

5 **REPORTING AND FINANCIAL CONDITIONS**

a Maker shall provide Payee with copies of Maker s internally prepared quarterly Financial Statements (Balance Sheet and Income & Expense Statement) within fifteen (15) days of the end of each calendar quarter

b Maker shall provide Payee with copies of an accountant prepared annual Financial Statements (Balance Sheet and Income & Expense Statement) within thirty (30) days of the end of each calendar year

c Maker shall maintain the following financial ratios at all times until this Note is paid in full Debt Coverage Ratio (EBITDA/TOTAL LOAN PAYMENTS) 1 5 1 0

6 **WAIVER**

Maker waives presentment protest and demand, notice of protest demand dishonor and nonpayment of this Note, notice of acceleration notice of intent to accelerate, and any and all other notices or matters of a like nature provided that such waiver shall not extend to any notice of default to be given by Payee under Sections 4(a), 4(b), 5(a) or 5(b) hereof

7 **ATTORNEYS' FEES**

Maker agrees that if any legal action is brought to enforce or collect this Note, the prevailing party shall be entitled to reasonable attorneys fees and costs and any and all costs of collection, in addition to any other relief to which that party may be entitled This provision shall be applicable to the entire Note

8 **SEVERABILITY**

Every provision of this Note is intended to be severable If any term or provision hereof is declared by a court of competent jurisdiction to be illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which term and provisions shall remain binding and enforceable

9 **NOTICES**

Except as otherwise expressly provided herein, All notices or demands shall be in writing and shall be served in person by Express Mail, by certified mail, by private overnight delivery, or by electronic transmission Service shall be deemed conclusively made (a) at the time of service, if personally served, (b) twenty four (24) hours (exclusive of weekends and national holidays) after deposit in the United States mail, properly addressed and postage prepaid, if served by Express Mail (c) upon the earlier of actual receipt or three (3) calendar days after deposit in the United States mail, properly addressed and postage prepaid, Return Receipt Requested if served by Certified Mail, (d) twenty-four (24) hours after delivery by the party giving the notice statement or demand if by private overnight delivery and (e) one (1) business day after electronic transmission (with confirmation copy sent by regular United States mail Notices and demands shall be given to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party

If to Payee

Sweet Candy, LLC
929 W Barkley Avenue
Orange California 92868
Attention Managing Member
Facsimile No (714) 223-1081

With a copy (which shall not constitute notice) to

Barry Kurtz, Esq
Kurtz Law Group, A Professional Corporation
21650 Oxnard Street, Suite 500
Woodland Hills California 91367
Facsimile No (818) 986-4474

If to Maker

_____
_____
_____
Attention _____
Facsimile No _____

Either party may change its address for the purpose of receiving notices demands and other communications as herein provided by a written notice given in the manner aforesaid to the other party

10 **BINDING EFFECT**

All the terms and provisions of this Note shall be binding upon and inure to the benefit of the parties hereto, and their respective successors heirs and assigns

11 **HEADINGS**

Headings at the beginning of each numbered Section of this Note are intended solely for convenience of the parties, and are not to be deemed or construed to a part of this Note

12 **SECURITY FOR PAYMENT OF NOTE**

Payment of this Note shall be secured by a security interest in the Assets located at the Store and certain other assets of the Store as evidenced by the Security Agreement executed by Maker in favor of Payee concurrently with the execution of this Note

13 **ASSIGNMENT OF PAYEE'S RIGHTS**

Payee may, without any notice to Maker or Maker s consent, transfer any of Payee's rights under this Note and any collateral related thereto, and upon notice, Maker shall render all performance hereunder to such transferee Maker agrees that any such transferee shall have the rights and benefits assigned, but none of the obligations, and such transferee will not be subject to any claims, defenses or set-off that Maker may have against Payee

14 **INTEREST RATE**

It is the express intent of Maker and Payee not to violate any applicable usury laws or to exceed the maximum amount of interest permitted under applicable law In the event a court of competent jurisdiction declares that any interest payable hereunder is excessive any such excess payment shall be applied to principal in inverse order of maturity and any remaining excess shall be refunded to Maker following Maker s payment in full of this Note

15 **GOVERNING LAW AND VENUE**

This Note shall be governed and construed in accordance with the laws of the State of California Venue for purposes of any actions brought in connection with or arising out of this Agreement shall be conclusively presumed to be in the State of California County of Orange

IN WITNESS WHEREOF the undersigned have executed this Note as of the day and year first above written

(SIGNATURES CONTINUE ON FOLLOWING PAGE)

MAKER

_____,

[ ] A _____ corporation,
[ ] A _____ limited liability company,
[ ] A _____ general partnership
[ ] A _____ limited partnership,
[ ] An individual
[ ] Other (specify) _____

By _____

Name _____

Title _____, and Individually

SWEET CANDY FRANCHISE, LLC
ASSET PURCHASE AGREEMENT

ATTACHMENT F
SECURITY AGREEMENT

SWEET CANDY FRANCHISE, LLC
ASSET PURCHASE AGREEMENT

ATTACHMENT F
SECURITY AGREEMENT

AGREEMENT made this ____ day of _____, _____, by and between SWEET CANDY LLC a Nevada limited liability company (**Secured Party**), on the one hand, and _____, a _____ ("**Debtor**) on the other hand with reference to the following facts

A On _____, _____, Secured Party and Debtor entered into an Asset Purchase Agreement (the ' **Purchase Agreement**) pursuant to which Secured Party sold and Debtor purchased all of the assets owned or used by Secured Party (the **Assets**) in the operation of the Sweet Factory Store known as Sweet Factory #____ (the **Store**) located at _____ (the **Franchised Location**) Debtor agreed to operate the Franchised Location as a Franchisee of Sweet Candy Franchise, LLC the Franchisor of Sweet Factory Stores (**Franchisor**) In conjunction with this acquisition Debtor has agreed to pay Secured Party the sum of $_____ in accordance with the terms of a Promissory Note (the **Purchase Note**)

B Secured Party and Debtor desire to enter into this Agreement to grant Secured Party a security interest in all of the Assets at the Store to secure payment of the Purchase Note on the terms and conditions set forth herein

NOW, THEREFORE, IT IS AGREED

1 **INCORPORATION OF RECITALS**

The Recitals set forth in Paragraphs A and B of this Agreement are true and correct and are incorporated by reference herein as part of this Agreement

2 **SECURITY INTEREST**

In consideration of the foregoing, Debtor hereby grants to Secured Party a security interest as follows

a **Collateral** Debtor hereby grants to Secured Party a continuing security interest in all of the leasehold improvements fixtures furnishings and equipment, inventory and supplies located at or used in connection with the Store, now or hereafter leased or acquired by Debtor together with all accounts payment intangibles attachments accessories, additions substitutions and replacements, all cash and non-cash proceeds derived from insurance or the disposition of such assets all rights of Debtor to use the Sweet Factory trademarks service marks, trade names, trade styles, patents, copyrights and their registrations, trade secret information and other proprietary rights, and all rights granted, owned or licensed to Debtor under contracts and licenses and Franchise Agreements for the use of the Sweet Factory trademarks, service marks, trade names trade styles, patents copyrights trade secret information and other proprietary rights (collectively the **Collateral**), to secure payment and performance by Debtor of the following obligations (the ' **Obligations**')

(i) All obligations, including without limitation, payments for inventory equipment and supplies, obligations and payments under this Agreement and other agreements between Secured Party, its affiliates, and Debtor, and other amounts and obligations owed to Secured Party,

(ii) All expenditures of any kind or nature made by Secured Party to preserve the Collateral, including, without limitation, all amounts paid to discharge taxes, liens, security interest and any other encumbrances against the Collateral, and to repair any damage to the Collateral or otherwise preserve or maintain the Collateral and all insurance thereon,

(iii) All expenditures made or incurred by Secured Party pursuant to the provisions of any credit agreements any promissory note and this Agreement, and

(iv) All other indebtedness, obligations and liabilities of Debtor to Secured Party its affiliates or other third parties direct or indirect, absolute or contingent, due or to become due whether now or hereafter arising

b **Authorization to File Financing Statements** Debtor hereby irrevocably authorizes Secured Party, at any time and from time to time, to file in any filing office in any Uniform Commercial Code ('UCC) jurisdiction any initial financing statements and amendments thereto and to furnish any information relating to such filings to Secured Party promptly upon Secured Party s request Debtor further agrees at the request and option of Secured Party, to take any and all other actions Secured Party may determine to be necessary or useful for the attachment, perfection and first priority of and the ability of Secured Party to enforce, Secured Party's security interest in any and all of the Collateral

c **Right to Assign Secured Party's Rights and Interest** Secured Party may without any notice to Debtor or Debtor s consent transfer any of Secured Party s right under this Agreement or any security interest in and to the Collateral, and upon notice Debtor shall render all performance hereunder to such assignee Debtor agrees that any such assignee shall have the rights and benefits assigned, but none of the obligations, and will not be subject to any claims, defenses or set off that Debtor may have against Secured Party

3 **WARRANTIES OF DEBTOR**

Debtor warrants covenants and represents to Secured Party that

a **Ownership of Collateral** Debtor is the owner of all of the Collateral, free and clear of all liens and encumbrances, except liens in favor of Secured Party

b **Encumbrances** Until all obligations of Debtor have been paid and performed under the Purchase Note and this Agreement, or the Purchase Note is canceled and terminated, Debtor shall not create, incur, assume or suffer to exist any encumbrances on the Collateral without the prior written consent of Secured Party

c **Defense and Indemnity** Debtor will defend its title and Secured Party s interest in the Collateral against all claims which may affect title to or Secured Party s security interest in the Collateral, and Debtor will take any action necessary to remove any liens or encumbrances in the Collateral not authorized by this Agreement

d **Sale of Collateral** Until all obligations of Debtor have been paid and performed under the Purchase Note and this Agreement or the Purchase Note is canceled and terminated, Debtor shall not sell or otherwise dispose of any assets or properties comprising the Collateral without the prior written consent of Secured Party

e **Maintenance and Insurance** Debtor shall maintain the Collateral in good repair working order and condition and Debtor shall maintain or cause to be maintained at no cost or expense to Secured Party, for the mutual benefit of Debtor and Secured Party comprehensive broad form general public liability insurance against claims and liability for personal injury death or property damage arising from the use,

occupancy or condition of the Store and the improvements at the Franchised Location All insurance policies carried by Debtor shall provide that the policies cannot be canceled or materially changed except after thirty (30) days prior notice by the insurer to Secured Party All policies shall name Secured Party as an additional insured

4 **EVENTS OF DEFAULT**

If one (1) or more of the following events shall occur, Debtor shall be in default under the Purchase Note and this Agreement

a **Purchase Note and Loan Agreements** If Debtor shall default in the due and punctual payment of any installment due under the Purchase Note, whether at maturity, upon acceleration or otherwise or in the performance by Debtor of any remaining obligation under the Purchase Note, or fail to perform any representation, warranty or covenant or obligations under any loan agreement with any third-party lender or its assignee for money borrowed for the Store and such default shall continue for a period of ten (10) days after written notice of such default is given by Secured Party to Debtor

b **Security Agreement and Other Agreements** If Debtor shall default in the performance of Debtor s obligations under this Agreement or under the Franchise Agreement between Debtor and Franchisor dated _____, _____, and/or under the Sublease between Debtor and Secured Party dated _____, _____, and such default shall continue for a period of ten (10) days after written notice of such default is given by Secured Party to Debtor

c **Sale of Collateral or Business** If Debtor shall sell, exchange transfer or make any other disposition of all or substantially all of the assets (other than a transfer by Debtor to an affiliated entity) of the Store or the Sweet Factory® business located at the Franchised Location

d **Adjudication** If Debtor shall be adjudicated bankrupt or insolvent, or make an assignment for the benefit of creditors, or Debtor shall apply for or consent to the appointment of a custodian, receiver trustee or similar officer for it or for all or any substantial part of its Collateral or such custodian, receiver, trustee or similar officer shall be appointed without the application or consent of Debtor and such appointment shall continue undischarged for a period of sixty (60) days

e **Institution of Proceedings** If Debtor shall institute, by petition application, answer, consent or otherwise any bankruptcy, insolvency, reorganization moratorium, arrangement readjustment of debt, dissolution liquidation or similar proceeding relating to it under the laws of any jurisdiction, or any such proceeding shall be instituted by petition, application or otherwise against Debtor and shall remain undismissed for a period of sixty (60) days

f **Effect of Default** Upon the occurrence of an event of default under Sections 4(c), 4(d) or 4(e) above, automatically and, upon the occurrence of an event of default under Sections 4(a) or 4(b), and upon the election of Secured Party following the expiration of the ten (10) day period provided therein, the entire principal balance of the Purchase Note and any accrued interest, without further demand shall immediately become due and payable No delay or omission on the part of Secured Party in exercising any right under the Purchase Note shall operate as a waiver of such right

g **Possession of Collateral and Remedies** Upon the occurrence of any event of default set forth above or upon the occurrence of any other default in payment or performance of any Obligations for which this security interest in granted, Secured Party shall have, in addition to all other rights and remedies the remedies of a secured party under the UCC as then in effect in the state in which the Franchised Location is located regardless of whether the UCC applies to the security transactions covered by this Agreement including without limitation the right to accelerate the maturity of the obligations without notice or demand and the immediate right to take possession and use of the Collateral and any proceeds thereof wherever located Debtor

shall assemble the Collateral and make the Collateral and all records relating thereto available to Secured Party at a place to be designated by Secured Party that is reasonably convenient for both parties If notice is required, Secured Party shall give to Debtor at least five (5) business days prior written notice of the time and place of any public sale of the Collateral or of the time after which any private sale or any other intended disposition is to be made Debtor hereby acknowledges that five (5) business days prior written notice of such sale or sales shall constitute reasonable notice During the time that Secured Party is in possession of the Collateral, and to the extent permitted by law Secured Party shall have the right to hold, use, operate, manage and control all or any part of the Collateral to make all such repairs, replacements, alterations, additions and improvements to the Collateral as it may deem necessary and proper, and to demand, collect and retain all earnings, proceeds from such use and all other costs, expenses, charges, damages or losses by reason of such use

5 **GENERAL PROVISIONS**

a **Governing Law and Venue** This Agreement shall be governed and construed in accordance with the laws of the State of California Venue for purposes of any actions brought in connection with or arising out of this Agreement shall be conclusively presumed to be in the State of California County of Orange

b **Notices** Except as otherwise expressly provided herein, all notices or demands shall be in writing and shall be served in person, by Express Mail, by certified mail, by private overnight delivery or by electronic transmission Service shall be deemed conclusively made (a) at the time of service if personally served (b) twenty-four (24) hours (exclusive of weekends and national holidays) after deposit in the United States mail, properly addressed and postage prepaid if served by Express Mail (c) upon the earlier of actual receipt or three (3) calendar days after deposit in the United States mail properly addressed and postage prepaid, Return Receipt Requested if served by Certified Mail, (d) twenty four (24) hours after delivery by the party giving the notice, statement or demand if by private overnight delivery, and (e) one (1) business day after electronic transmission (with confirmation copy sent by regular United States mail Notices and demands shall be given to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party

If to Secured Party

Sweet Candy, LLC
929 W Barkley Avenue
Orange, California 92868
Attention Managing Member
Facsimile No (714) 223-1081

With a copy (which shall not constitute notice) to

Barry Kurtz Esq
Kurtz Law Group, A Professional Corporation
21650 Oxnard Street, Suite 500
Woodland Hills, California 91367
Facsimile No (818) 986-4474

If to Debtor

_____
_____
_____
Attention _____
Facsimile No _____

Any party may change his or its address by giving ten (10) days prior written notice of such change to all other parties

c **Waivers** The delay, omission or forbearance by Secured Party to take action to remedy or seek damages for the breach or default of any term covenant or condition herein contained, or to exercise any right, power or duty arising from such breach or default shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach or default of the same or any other term covenant or condition herein contained The subsequent acceptance of payments by Secured Party shall not be deemed to be a waiver of any preceding breach or default by Debtor other than its failure to pay the particular payment so accepted, regardless of Secured Party s knowledge of such preceding breach or default at the time of acceptance of such payment

d **Attorneys' Fees** If any legal action is brought to enforce the terms of this Agreement the prevailing party shall be entitled to reasonable attorneys fees and costs and any and all costs of collection in addition to any other relief to which that party may be entitled

e **Modification** This Agreement may be modified only by a writing executed by the party sought to be bound

f **Entire Agreement** This Agreement the other agreements referred to herein and any other agreement that may be executed by the parties concurrently with the execution of this Agreement, set forth the entire agreement and understanding of the parties, and any agreement, representation or understanding, express or implied, heretofore made by either party or exchanged between the parties are hereby waived and canceled

g **Cumulative Remedies** Any specific right or remedy set forth in this Agreement, legal, equitable or otherwise shall not be exclusive, but shall be cumulative with all other rights or remedies set forth herein or allowed or allowable by law

h **Titles** The various titles of the Sections herein are used solely for convenience and shall not be used in interpreting or construing any word clause, paragraph or subparagraph of this Agreement

i **Gender** All words used in this Agreement in the singular shall include the plural and the masculine gender shall include the feminine and neuter and the neuter shall include the masculine and feminine

j **Successors** This Agreement shall be binding upon all of the parties hereto their respective heirs, executors administrators, personal representatives successors and assigns

k **Severability** The invalidity of any one (1) or more of the provisions contained in this Agreement as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof

l **Additional Documents** Debtor agrees to execute acknowledge and deliver to Secured Party and to procure the execution acknowledgment and delivery to Secured Party of any additional documents or instruments which Secured Party may reasonably require to fully effectuate and carry out the provisions of this Agreement

m **Counterparts and Electronic Copies** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument Signatures transmitted electronically or by facsimile will be deemed original signatures Electronic copies of this Agreement shall constitute and be deemed an original copy of this Agreement for all purposes provided that such electronic copies are fully executed dated and identical in form to the original hard copy version of this Agreement

n **Representation By Counsel** Debtor acknowledges and agrees that Debtor has been represented by independent legal counsel of Debtor s own selection in connection with the negotiation and review of the terms and conditions of this Agreement, or has had the opportunity to have legal counsel assist Debtor, but Debtor has voluntarily elected not to do so

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written

SECURED PARTY

SWEET CANDY, LLC,
A Nevada limited liability company

By _____

Name _____

Title _____

DEBTOR

_____,

[ ] A _____ corporation,
[ ] A _____ limited liability company,
[ ] A _____ general partnership,
[ ] A _____ limited partnership,
[ ] An individual
[ ] Other (specify) _____

By _____

Name _____

Title _____, and Individually

Exhibit G
Addendum for Purchase of Turnkey Unit

SWEET CANDY FRANCHISE, LLC
ASSET PURCHASE AGREEMENT

ATTACHMENT G
SUBLEASE

SWEET CANDY FRANCHISE, LLC

SUBLEASE

THIS SUBLEASE (the **'Sublease'**) is made and entered into as of _____, by and between SWEET CANDY LLC, a Nevada limited liability company (**"Sublessor"**), on the one hand, and _____ (collectively **"Sublessee"**), on the other hand, with reference to the following facts

A Sublessor leases from _____ (**Master Landlord**) the premises located at _____(the **Franchised Location**) pursuant to a Lease dated _____ (the **Master Lease**) a copy of which is attached to this Sublease as **Attachment A**

B Sublessor wishes to sublease the Franchised Location to Sublessee, and Sublessee wishes to sublease the Franchised Location from Sublessor in order for Sublessee to operate the Sweet Factory Store known as Sweet Factory #_____ (the **Store'**) at the Franchised Location, subject to the terms of a Franchise Agreement between Sublessee and Sweet Candy, LLC a Nevada limited liability company (**"Franchisor'**) dated _____ (the **Franchise Agreement"**)

C Sublessee acknowledges that Sublessee has received reviewed and approved the Master Lease

NOW, THEREFORE, IT IS AGREED

1 **SUBLEASE TERM**

Sublessor hereby subleases the Franchised Location to Sublessee, and Sublessee hereby subleases the Franchised Location from Sublessor subject to the terms of this Sublease and applicable provisions of Master Lease The term of this Sublease (the **'Sublease Term**) shall commence on _____ (the **Sublease Commencement Date'**) and shall expire on _____ (the **Expiration Date**), and shall be subject to the same extension options as contained in the Master Lease following the Expiration Date, provided however, that the Sublease shall automatically terminate upon the expiration or termination of the Franchise Agreement Sublessor and Sublessee acknowledge that the term of the Franchise Agreement may extend beyond the term available under the Master Lease and that Sublessor has neither right nor obligation to negotiate an extension of the term of the Master Lease or the Sublease Term beyond the remaining term under the Master Lease Sublessee acknowledges that this Sublease may terminate due to the expiration of the remaining term under the Master Lease prior to the expiration of the Franchise Agreement for the Franchised Location Sublessee acknowledges and agrees that in order to avoid an automatic termination of the Franchise Agreement Sublessee must negotiate a new direct lease with the Master Landlord for the Franchised Location or otherwise obtain a right to retain possession of the Franchised Location in accordance with the Franchise Agreement If, and to the extent that, the Master Lease provides Sublessor with any options to extend the term of the Master Lease, and if Sublessee desires to have the Sublease Term extended by an equivalent term, Sublessee shall give Sublessor notice of Sublessee s desire to have the term of the Master Lease extended at least ninety (90) days in advance of the date that Sublessor is required to give the Master Landlord notice of Sublessor s desire to extend the term of the Master Lease Sublessor shall thereafter give the Master Landlord notice of Sublessor s desire to have the term of the Master Lease extended on or before the date that Sublessor is required to give the Master Landlord notice of Sublessor s desire to extend the term of the Master Lease

2 **RENT**

2 1 Beginning on the Sublease Commencement Date Sublessee shall pay to Sublessor a monthly rental payment equal to (i) the minimum base rent and all percentage rent that Sublessor is obligated to pay under the Master Lease (the **Rent**) **plus** (ii) all other rent fees charges, expenses, and costs that Sublessor is obligated to pay under the Master Lease, including, without limitation, Sublessor s proportionate share of real property taxes, utilities, insurance and operating expenses which Sublessor is obligated to pay in accordance

with the terms of the Master Lease (collectively the **Master Lease Payments**) **plus** (iii) _____ percent (__%) of the Rent (' **Sublease Administration Fee**'), as compensation to Sublessor for, among other things, the administrative and other expenses incurred by it in connection with this Sublease Sublessee shall make payments of Rent, Master Lease Payments and the Sublease Administration Fee at the address set forth below due no later than the first day of each month during the Sublease Term, provided, however that Sublessee shall pay the first month s Rent, Master Lease Payments and Sublease Administration Fee due hereunder upon execution of this Sublease Sublessor reserves the right to require Sublessee to make all payments of Rent and Master Lease Payments directly to the Master Landlord during the Sublease Term upon ten (10) days prior notice to Sublessee and the Master Landlord Notwithstanding the foregoing the parties acknowledge and agree that all Rent, Security Deposits, Master Lease Payments and Sublease Administration Fees due from Sublessee pursuant to this Sublease shall be collectively deemed **Rents** under this Sublease for purposes of any actions brought against Sublessee Rent for partial months shall be prorated on the basis of the actual number of days in the month The Master Lease Payments total $_____ as of the date of this Sublease

2 2 **Late Charges** Sublessee acknowledges that late payment by Sublessee of Rent and/or Master Lease Payments will cause Sublessor to incur costs not contemplated by this Sublease the exact amount of which will be extremely difficult to ascertain Such costs include without limitation processing and accounting charges and late charges which may be imposed on Sublessor by the Master Landlord under the terms of the Master Lease Accordingly if any payment of Rent or Master Lease Payments due from Sublessee shall not be received by the Master Landlord or Sublessor as the case may be on or before the fifth day of each month during the Sublease Term, then, without any requirement for notice (including without limitation, billing) to Sublessee, Sublessee shall pay to Sublessor a late charge equal to ten percent (10%) of such overdue amount Sublessor and Sublessee agree that such late charge represents a fair and reasonable estimate of the costs Sublessor will incur by reason of late payment by Sublessee Acceptance of such late charge by Sublessor shall in no event constitute a waiver of Sublessee s default with respect to such overdue amount, nor prevent Sublessor from exercising any other rights and remedies granted hereunder In the event that a late charge is payable hereunder, whether or not collected, for three (3) consecutive installments of Rent or Master Lease Payments during the Sublease Term, the Rent and the Master Lease Payments shall automatically become due and payable quarterly directly to Sublessor, in advance rather than monthly, notwithstanding any other provision of this Sublease to the contrary

3 SECURITY DEPOSIT

3 1 **Security for Obligations of Sublessee** Sublessee shall pay Sublessor a security deposit of $_____, upon the parties execution of this Sublease (the **Security Deposit**) to secure Sublessee s faithful performance of Sublessee s obligations under this Sublease If Sublessee defaults under this Sublease, Sublessor may use, apply, or retain all or part of the Security Deposit for the payment of Rent and/or other Master Lease Payments, or any other amount Sublessor may spend, or loss Sublessor may suffer, by reason of Sublessee s default If Sublessor so uses or applies any portion of the Security Deposit Sublessee shall deposit sufficient funds with Sublessor to restore the Security Deposit to its original amount within ten (10) days after Sublessor s written demand and Sublessee s failure to do so shall be a material breach of this Sublease Sublessor shall not be entitled to interest on the Security Deposit If Sublessee fully and faithfully performs every obligation of Sublessee under this Sublease, Sublessor shall return any remaining balance of the Security Deposit to Sublessee at the expiration of the Sublease Term and after Sublessee has vacated the Franchised Location Sublessor shall not be required to keep said deposit separate from its general accounts No trust relationship is created herein between Sublessor and Sublessee with respect to the Security Deposit

3 2 **Other Subleases** If, and to the extent that Sublessee is in breach of this Sublease or any other sublease if any between Sublessor and Sublessee and the Security Deposit made by Sublessee with respect to this Sublease and such other sublease are not sufficient (a) to pay the Rent or other charges due as a result of Sublessee s default (b) to pay any other sum to which Sublessor may become obligated by reason of Sublessee s default or (c) to compensate Sublessor for any loss or damage which Sublessor may thereby suffer, then Sublessor may apply and use such portion of all of the security deposits paid by Sublessee pursuant to this Sublease and all other subleases, to satisfy Sublessor s payment obligations and/or compensatory rights

4 **PREMISES**

4 1 **Condition** Sublessee accepts the Franchised Location and the existing tenant improvements in the Franchised Location in their **AS IS** condition and Sublessee acknowledges and agrees that Sublessor shall not be obligated to make any repairs or maintenance to the Franchised Location or the tenant improvements prior to the Sublease Commencement Date Sublessee s assumption of possession of the Franchised Location on the Sublease Commencement Date shall conclusively establish for all purposes, that Sublessee has conducted such investigation(s) of the condition of the Franchised Location and the existing tenant improvements at the Franchised Location as Sublessee desired to the satisfaction of Sublessee prior to the Sublease Commencement Date and that the Franchised Location and the existing tenant improvements were, in all respects, in a satisfactory condition and acceptable to Sublessee on the Sublease Commencement Date Sublessee acknowledges and agrees that Sublessor has made no representations or warranties whatsoever regarding (a) the square footage of the Franchised Location (b) the condition of the Franchised Location, (c) the condition of any existing tenant improvements, or (d) compliance with zoning or restrictive covenants unless otherwise expressly provided for in this Sublease Sublessee shall at its own cost and expense, keep and maintain the exterior and interior of the Franchised Location, including sidewalks adjacent thereto, in good and sanitary order condition and repair Sublessee hereby waives the provisions of California Civil Code Sections 1941 and 1942, or any comparable law, with respect to Sublessee s right to make repairs and deduct the expenses of such repair from rent

4 2 **Use** Sublessee shall not use the Franchised Location for any purpose other than operating the Store as a Sweet Factory Franchisee of Franchisor Sublessee acknowledges that neither Master Landlord nor Sublessor, nor any agent acting on their behalf has made any representation or warranty with respect to the suitability of the Franchised Location for the conduct of Sublessee s business

4 3 **Tenant Improvements** Sublessee is solely responsible for the construction, repair and maintenance of any leasehold improvements desired by Sublessee, as well as the demolition of any existing leasehold improvements if necessary, following prior notice to and approval by Sublessor and Master Landlord as provided in the Master Lease

4 4 **Signs** Sublessee shall erect only such signs on the Franchised Location as are allowed by the Franchise Agreement and the Master Lease

5 **INSURANCE**

5 1 **Incorporated by Reference** The insurance provisions of the Master Lease are expressly incorporated into this Sublease by reference Sublessee shall be solely responsible for obtaining and maintaining all insurance required by the Master Lease and the Franchise Agreement at Sublessee s own cost and expense throughout the Sublease term Insurance required of Sublessee under this Sublease shall in Sublessor s sole discretion, equal or exceed the insurance required of Sublessor as Tenant under the Master Lease

5 2 **Required Coverage** Sublessee shall be solely responsible for obtaining and maintaining public liability insurance from a responsible insurance company licensed to do business in the state in which the Franchised Location is located during the entire term of this Sublease in amounts not less than those required by the Franchise Agreement and the Master Lease At least ten (10) days prior to the time any insurance is first required to be carried by Sublessee, and thereafter at least thirty (30) days prior to the expiration of any policy, Sublessee shall deliver to Sublessor, Franchisor and the Master Landlord Certificates of Insurance evidencing the proper types and minimum amounts of required coverage All Certificates shall expressly provide that no less than thirty (30) days prior written notice shall be given to Sublessor, Franchisor and the Master Landlord in the event of material alteration to or cancellation or non-renewal of the coverages evidenced by such Certificates Certificates evidencing the insurance required by this Section 5 shall name Sublessor, Franchisor and the Master Landlord and each of their affiliates partners shareholders directors, agents, members and employees as additional insureds and as additional loss payees and shall expressly provide that any interest of each shall not be affected by any breach by Sublessee of any policy provisions for which such Certificates evidence coverage

5 3 **Waiver of Subrogation** Sublessor and Sublessee each waive their right to sue and recover damages against each other with respect to any liability arising under the Master Lease or this Sublease and which is required to be covered by any insurance policy in the Master Lease or this Sublease Each party agrees to endeavor to cause its insurer to waive its rights against the other party in the event of an insured casualty which is not caused by the willful misconduct of the other party

5 4 **Sublessee's Insurance Obligation Not Affected By Sublessor's Insurance** Sublessee s obligation to obtain and maintain insurance shall not be limited in any way by reason of any insurance which may be maintained by Sublessor, nor shall Sublessee s performance of that obligation relieve Sublessee of liability under the indemnity provisions set forth in this Sublease

5 5 **Additional Required Endorsement** All public liability and property damage policies shall contain a provision that Sublessor, Operating Company, the Master Landlord and their affiliates, although named as an additional insureds shall nevertheless be entitled to recover under such policies on any loss occasioned to Sublessor, Operating Company, the Master Landlord or their affiliates, partners, shareholders, directors agents or employees by reason of the negligence of Sublessee or its partners, shareholders directors, agents, or employees

5 6 **Right to Secure Insurance on Behalf of Franchisee** Should Sublessee, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by Sublessor in the Manual or otherwise in writing Sublessor and/or Operating Company shall have the right and authority (but not the obligation) to immediately procure such insurance and to charge same to Sublessee, which charges, together with the expenses of Sublessor and/or Operating Company in so acting, shall be payable by Sublessee immediately upon notice The foregoing remedies shall be in addition to any other remedies Sublessor and Operating Company may have

5 7 **Sublessee's Property** Sublessee shall be solely responsible for insuring Sublessee s own property at the Franchised Location Sublessor shall not be responsible for loss or damage to the personal property of Sublessee, its sublessees employees customers or invitees, in the absence of the receipt of an insurance payment by Sublessor attributable to such loss (in which event said payment shall be delivered forthwith to Sublessee) or unless such loss or damage was occasioned by the willful misconduct of Sublessor, its agents, servants, or employees, but subject in any event to Section 5 3 of this Sublease

6 DAMAGE TO PREMISES AND CONDEMNATION

If any part of the Franchised Location is condemned or damaged by fire or other casualty during the term of this Sublease this Sublease shall remain in full force and effect unless and until the Master Lease is canceled If the Master Lease is canceled for such cause Sublessee's obligations under this Sublease shall abate as of the date of such cancellation Otherwise, Sublessee s obligations shall abate only to the actual extent and for the duration that Sublessor s obligations are reduced under the Master Lease If the Master Lease gives SUBLESSOR any right to terminate the Master Lease in the event of the partial or total damage destruction, or condemnation of the Franchised Locations or the building or project of which the Franchised Location is a part, the exercise of such right by SUBLESSOR shall not constitute a default or breach hereunder

7 OBLIGATIONS UNDER MASTER LEASE

7 1 Assumption **by Sublessee** Sublessee expressly assumes all of the responsibilities and obligations imposed upon Sublessor as the tenant under the terms of the Master Lease All applicable terms and conditions of the Master Lease are incorporated into and made a part of this Sublease as if Sublessor were the Master Landlord thereunder Sublessee the tenant thereunder and the **Premises,** the Franchised Location except as otherwise specifically provided herein Any obligation of Sublessor which is contained in this Sublease by the incorporation by reference of the provisions of the Master Lease may be observed or performed by Sublessor using reasonable

efforts to cause the Master Landlord to observe and/or perform the same, provided, however that Sublessee shall pay any cost or expense (including without limitation, attorneys fees) incurred by Sublessor in causing the Master Landlord to observe and/or perform the same Sublessor shall have a reasonable time to enforce its rights to cause such observance or performance by the Master Landlord Sublessor shall not be required to furnish, supply or install anything required under any article of the Master Lease Sublessee assumes and agrees to perform the tenant s obligations under the Master Lease during the Sublease Term to the extent that such obligations are applicable to the Franchised Location except that the obligation to pay rent to the Master Landlord under the Master Lease shall be considered performed by Sublessee to the extent and in the amount rent is paid to Sublessor by Sublessee in accordance with Section 2 of this Sublease Sublessee shall not commit or suffer any act or omission that will violate any of the provisions of the Master Lease In the event any inconsistency arises regarding the obligations of Sublessee under the Master Lease and the obligations of Sublessee under this Sublease the more stringent obligations shall be binding upon Sublessee

7 2 **Obligations of Sublessor** Any obligation of Sublessor which is contained in this Sublease by the incorporation by reference of the provisions of the Master Lease may be observed or performed by Sublessor using reasonable efforts to cause the Master Landlord to observe and/or perform the same, provided, however that Sublessee shall pay any cost or expense (including, without limitation, attorneys fees) incurred by Sublessor in causing the Master Landlord to observe and/or perform the same Sublessor shall have a reasonable time to enforce its rights to cause such observance or performance by the Master Landlord Sublessor shall not be required to furnish, supply or install anything required under any article of the Master Lease

7 3 **Master Landlord's Obligations** Sublessor shall not be liable to Sublessee for the defaults of Master Landlord under the Master Lease

8 INDEMNITY

8 1 **Generally** Sublessee shall indemnify, hold harmless and defend Sublessor from all claims costs damages, liabilities and losses incurred by Sublessor including reasonable attorneys fees and costs of suit as a result of Sublessee s default under this Sublease or the Master Lease or as the result of any act or failure to act by Sublessee its agents employees customers, invitees licensees, successors, heirs or assigns or any and all persons coming upon or near the Franchised Location with regard to the Franchised Location

8 2 **Hazardous Materials** Sublessee agrees to indemnify and hold Sublessor harmless from any and all costs of any remedial action or cleanup of Hazardous Materials suffered or incurred by Sublessor arising out of or relating to Sublessee's use of the Franchised Location ' **Hazardous Materials** means any hazardous, toxic, infectious, or radioactive substances, wastes, or materials listed or defined by any federal or state environmental law

9 DEFAULT

9 1 **Notice, Cure** Sublessee shall cure any failure to perform Sublessee s obligations under this Sublease or the Master Lease (a) within three (3) days after receiving notice of any monetary default or (b) within ten (10) days after receiving notice of any non-monetary default, except that if Sublessee cannot reasonably cure the non-monetary default within ten (10) days, Sublessee shall have up to thirty (30) days to complete the cure, so long as Sublessee proceeds with due diligence If Sublessee fails to cure defaults during the grace periods specified above, Sublessor shall have the right to declare a default under this Sublease

9 2 **Remedies** Sublessor shall have the following rights and remedies upon a default by Sublessee under this Sublease

9 2 1 Sublessor may terminate this Sublease and upon such termination, Sublessor may recover from Sublessee

a The worth at the time of the award of the unpaid Rent which has been earned at the time of termination

b The worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Sublessee proves could have been reasonably avoided,

c The worth at the time of the award of the amount by which the unpaid Rent for the balance of the term after the time of award exceeds the amount of such rental loss for said period that Sublessee proves could have been reasonably avoided, and

d Any other amount necessary to compensate Sublessor for all the detriment proximately caused by Sublessee s failure to perform its obligation under the Sublease or which in the ordinary course of things would be likely to result therefrom

The **worth at the time of the award** of the amounts referred to in Sections 9 2 1 (a) and (b) above is computed by allowing interest at the legal rate The worth at the time of the award of the amount referred to in subsection (c) is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus one percent (1%)

9 2 2 Sublessor may relet the Franchised Location prior to the time of any award for breach of this Sublease by Sublessee In such case if Sublessor proves that in reletting the Franchised Location Sublessor acted reasonably and in good faith to mitigate damages, Sublessor shall be entitled to an award for Sublessee's termination of this Sublease Such award shall consist of the worth at the time of the award of the amount by which the unpaid rent for the balance of the Sublease Term after the time of award exceeds the amount of such rental loss that Sublessee proves could be reasonably avoided

9 2 3 Efforts by Sublessor to mitigate the damages caused by Sublessee s breach of the Sublease do not waive Sublessor s right to recover damages

9 2 4 Nothing herein affects the right of Sublessor under this Sublease to indemnification for liability arising prior to the termination of the Sublease for personal injuries or property damage

9 3 **Sublease Remains in Effect** Even when Sublessee has breached this Sublease and abandoned the Franchised Location this Sublease shall remain in effect for so long as Sublessor does not terminate Sublessee s right to possession and Sublessor may enforce all its rights and remedies under this Sublease, including the right to recover Rent and Master Lease Payments as they become due under this Sublease The following do not constitute a termination of Sublessee s right to possession

9 3 1 Acts of maintenance or preservation or efforts to relet the Franchised Location or

9 3 2 The appointment of a receiver on initiation by Sublessor to protect its interest under the Sublease

9 4 **Cure by Sublessor** Sublessor shall have the right, but not the obligation, to cure any default by Sublessee Sublessee shall repay any costs incurred by Sublessor in doing so upon Sublessor s written demand All amounts owed hereunder shall be considered rent and shall bear interest at the rate of twelve percent (12%) per annum or the maximum rate permitted by law, whichever is less, from five (5) days after such demand to the date of payment

9 5 **Cross-Default** If Sublessee (or any guarantor, officer or director of or a shareholder in Sublessee, if Sublessee is a corporation or a general or limited partner of Sublessee, if Sublessee is a partnership, or a

member, if Sublessee is a limited liability company) or any other Sublessee of Sublessor or any other Franchisee of Franchisor which controls is controlled by, or is under common control with Sublessee fails to comply with any or all of the terms of this Sublease or the Master Lease or with any other Agreement between Franchisor Sublessor or their affiliates, including, without limitation, the Franchise Agreement, such failure to comply shall be deemed to be a default under this Sublease and each and every other such Agreement In the event of the termination of this Sublease for any cause or the termination of any other Agreement between Franchisor, or its affiliates, and Sublessee, or between Sublessor, or its affiliates, and Sublessee, Franchisor and Sublessor, as the case may be may, at their option, terminate any or all of such other Agreements

9 6 **Remedies Cumulative** The remedies specified in this Sublease are cumulative and in addition to any other remedies which may be available at law or in equity

10 **ASSIGNMENTS**

Sublessee shall not assign or sublet the Franchised Location, in full or in part without Sublessor s prior written consent in each instance, which Sublessor may withhold in its sole discretion If Sublessor consents to any assignment or sublease, Sublessor shall be entitled to the amount that any assignee s or subtenant s rent exceeds Rent plus Sublessor s costs of subletting (including attorneys fees and real estate commissions) and the cost of unamortized tenant improvements paid for by Sublessee It is expressly acknowledged that any assignment or sublease of this Sublease by Sublessee may be subject to the prior consent of Master Landlord and no assignment or sublease, even if consented to by Sublessor, shall be effective unless and until Master Landlord s consent is also obtained, if needed Any assignment without the requisite consents shall be void and shall, at the option of Sublessor, terminate this Sublease

11 **NOTICES**

Except as otherwise expressly provided herein, all notices or demands shall be in writing and shall be served in person, by Express Mail, by certified mail, by private overnight delivery, or by electronic transmission Service shall be deemed conclusively made (a) at the time of service if personally served (b) twenty four (24) hours (exclusive of weekends and national holidays) after deposit in the United States mail properly addressed and postage prepaid, if served by Express Mail (c) upon the earlier of actual receipt or three (3) calendar days after deposit in the United States mail properly addressed and postage prepaid, Return Receipt Requested if served by Certified Mail, (d) twenty-four (24) hours after delivery by the party giving the notice, statement or demand if by private overnight delivery and (e) one (1) business day after electronic transmission (with confirmation copy sent by regular United States mail Notices and demands shall be given to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party

Notices to Sublessor

Sweet Candy, LLC
929 W Barkley Avenue
Orange, California 92868Fax 714-223 1081
Attention Managing Member

With a copy (which shall not constitute notice) to

Barry Kurtz Esq
Kurtz Law Group, A Professional Corporation
21650 Oxnard Street, Suite 500
Woodland Hills California 91367
Fax 818-986-4474

Notices to Sublessee

_____
_____
_____
Fax _____

Sublessee shall promptly provide Sublessor with a copy of all notices received from Master Landlord regarding the Franchised Location, the Master Lease, or this Sublease Either party may change its address for the purpose of receiving notices, demands and other communications as herein provided by a written notice given in the manner aforesaid to the other party

12 ENTIRE AGREEMENT, SEVERABILITY, AND CONSTRUCTION

12 1 **Entire Agreement** This Sublease, any Attachments hereto, and any ancillary agreements between Sublessee and Sublessor or any affiliate which are executed contemporaneously with this Sublease constitute the entire and complete Sublease between Sublessor (and, if applicable, any affiliate) and Sublessee concerning the subject matter thereof and supersede all prior agreements Sublessee acknowledges that Sublessee is entering into this Sublease any attachments and any ancillary agreements executed contemporaneously herewith, as a result of its own independent investigation of the business franchised hereby and not as a result of any representation made by Franchisor Sublessor or persons associated with Franchisor or Sublessor, or other Franchisees which are contrary to the terms herein set forth or which are contrary to the terms of the Sweet Candy Franchise LLC, Uniform Franchise Disclosure Document (the **Disclosure Document**) or other similar document required or permitted to be given to Sublessee pursuant to applicable law No amendment, change, or variation of the terms of this Sublease shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing

12 2 **Severability and Construction** Except as expressly provided to the contrary herein, each section paragraph part term and provision of this Sublease shall be considered severable and if, for any reason, any section paragraph, part term provision and/or covenant herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction such shall not impair the operation of or have any other effect upon, such other portions sections, paragraphs, parts, terms, provisions, and/or covenants of this Sublease as may remain otherwise intelligible and the latter shall continue to be given full force and effect and bind the parties hereto and the invalid portions sections paragraphs, parts, terms, provisions, and/or covenants shall be deemed not to be a part of this Sublease Neither this Sublease or any uncertainty or ambiguity in this Sublease shall be construed or resolved against the drafter of this Sublease whether under any rule of construction or otherwise On the contrary, this Sublease has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used to fairly accomplish the purposes and intentions of all parties to this Sublease Sublessor and Sublessee intend that if any provision of this Sublease is susceptible to two (2) or more constructions, one (1) of which would render the provision enforceable and the other or others of which would render the provision unenforceable, the provision shall be given the meaning that renders it enforceable

12 3 **Survival of Obligations After Expiration or Termination of Agreement** Any provision or covenant of this Sublease which expressly or by its nature imposes obligations beyond the expiration or termination of this Sublease shall survive such expiration or termination

12 4 **Survival of Modified Provisions** Sublessee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision of this Sublease as though it were separately articulated in and made a part of this Sublease, that may result from striking from any of the provisions of this Sublease any portion or portions which a court or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which Sublessor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court or agency order

12 5 **Captions** All captions in this Sublease are intended for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision of this Sublease

12 6 **Responsibility** The term **Sublessee** as used in this Sublease shall refer to each person executing this Sublease as Sublessee, whether such person is one of the spouses partners, shareholders members,

trustees, trustors or beneficiaries or persons named as included in Sublessee, and shall apply to each such person as if he were the only named Sublessee in this Sublease

12 6 1 If Sublessee is a married couple, both husband and wife executing this Sublease shall be liable for all obligations and duties of Sublessee under this Sublease as if such spouse were the sole Sublessee under this Sublease

12 6 2 If Sublessee is a partnership or if more than one person executes this Sublease as Sublessee each partner or person executing this Sublease shall be liable for all the obligations and duties of Sublessee under this Sublease

12 6 3 If Sublessee is a trust, each trustee, trustor and beneficiary signing this Sublease shall be liable for all of the obligations and duties of Sublessee under this Sublease

12 6 4 If Sublessee is a corporation or limited liability company all shareholders or members executing this Sublease shall be liable for all obligations and duties of Sublessee under this Sublease as if each such shareholder or members were the sole Sublessee under this Sublease In addition, each present and future shareholder or member of Sublessee shall jointly and severally guarantee Sublessee s performance of each and every provision of this Agreement by executing a Guarantee in the form attached to this Sublease as **Attachment B** provided, however, that no Guarantee shall be required from a shareholder who acquires Sublessee s securities after Sublessee becomes registered under the Securities Exchange Act of 1934

12 6 5 If Sublessee is in breach or default under this Sublease Sublessor may proceed directly against each such spouse, partner, signatory to this Sublease, shareholder, member trustee, trustor or beneficiary without first proceeding against Sublessee and without proceeding against or naming in such suit any other Sublessee, partner signatory to this Sublease shareholder, member, trustee, trustor or beneficiary The obligations of Sublessee and each such spouse, partner person executing this Sublease, shareholder, member trustee trustor and beneficiary shall be joint and several

12 6 6 Notice to or demand upon one (1) spouse, partner person signing this Sublease, shareholder member, trustee, trustor or beneficiary shall be deemed notice to or demand upon Sublessee and all such spouses, partners, persons signing this Sublease shareholders, members, trustees, trustors and beneficiaries, and no notice or demand need be made to or upon all such Sublessee s, spouses partners, persons executing this Sublease shareholders, members, trustees, trustors or beneficiaries

13 APPLICABLE LAW

13 1 **Choice of Law** This Sublease shall be interpreted and construed under the laws of the state in which the Franchised Location is located

13 2 **Non-exclusivity of Remedy** No right or remedy conferred upon or reserved to Sublessor or Sublessee by this Sublease is intended to be nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy

13 3 **Limitation of Adjudicative Proceedings** Sublessor and Sublessee hereby waive to the fullest extent permitted by law any right to or claim of any punitive or exemplary damages against the other and agree that in the event of a dispute between them each shall be limited to the recovery of any actual damages sustained by it

13 4 **Right to Injunctive Relief** Nothing herein contained shall bar Sublessor s right to seek injunctive relief to obtain the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Sublease relating to Sublessee s (a) use of Franchisor s **Proprietary Marks** , (b) obligations upon termination or expiration of the Sublease (c) assignment or proposed assignment of this Sublease or any ownership interest in Sublessee or (d) actions covered by the provisions of Section 15 of the Franchise Agreement Sublessor also shall be able to seek injunctive relief to prohibit any act or omission by Sublessee or its employees that constitutes a violation of any applicable law, is dishonest or misleading to Sublessee s customers

or to the public, or which may impair the goodwill associated with Franchisor s **'Proprietary Marks** and Sublessee agrees to pay all costs and reasonable attorneys fees incurred by Sublessor in obtaining such relief

13 5 **Incorporation of Recitals** The Recitals set forth in Sections A through C of this Sublease are true and correct and are herein incorporated by reference into the body of this Sublease

14 SECURITY INTEREST

In order to secure payment of all Rent and all other fees charges, expenses, and costs that Sublessee is obligated to pay Sublessor under this Sublease including, without limitation, real property taxes utilities insurance and operating expenses and all other sums that may become due to Sublessor, or its affiliates from Sublessee and to secure performance by Sublessee of all obligations of any kind, whenever and however incurred in favor of Sublessor, or its affiliates, Sublessee hereby grants Sublessor a security interest in and to all leasehold improvements fixtures furnishings equipment, inventory and supplies located at or used in connection with the Store, now or hereafter acquired by Sublessee, together with all accounts, payment intangibles, attachments, accessories, additions substitutions and replacements all cash and non-cash proceeds derived from insurance or the disposition of such assets, all rights of Sublessee to use Franchisor s Proprietary Marks patents, copyrights and their registrations, trade secret information and other proprietary rights, and all rights granted, owned or licensed to Sublessee under the Franchise Agreement for the use of Franchisor s Proprietary Marks, trade names, trade styles patents copyrights, trade secret information and other proprietary rights Sublessee hereby authorizes Sublessor to prepare and file all Uniform Commercial Code ('UCC) financing statements and other documents necessary or desirable to evidence, perfect and continue the priority of this security interest under the UCC If Sublessee is in default of any of the terms and conditions of this Sublease or any other agreements between Sublessor, and its affiliates, and Sublessee Sublessor may, in its discretion exercise its rights with respect to its security interest In such event Sublessee shall be and remain liable for any deficiency remaining due to Sublessor and shall be entitled to recover any surplus which results after application of the proceeds derived from the enforcement of Sublessor's security interest

15 ACKNOWLEDGMENTS

15 1 **Recognition of Business Risks** Sublessee acknowledges that Sublessee has conducted an independent investigation of the proposed Franchise and recognizes that the business venture contemplated by the Franchise Agreement and this Sublease involves business risks and that Sublessee's success will be largely dependent upon the ability of Sublessee as an independent business person Sublessor expressly disclaims the making of, and Sublessee acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential sales income, profits or success of the Stores

15 2 **Receipt of Franchise Disclosure Document** Sublessee acknowledges that it has received a copy of the complete Disclosure Document for Sweet Factory Stores which contains a copy of this Sublease at least fourteen (14) calendar days prior to the date on which this Sublease was executed Sublessee further acknowledges that Sublessee has received a copy of the complete Sublease the Attachments thereto, and agreements relating thereto if any prior to the date on which this Sublease was executed Sublessee acknowledges and agrees that Sublessor has made no promises, representations, warranties or assurances to Sublessee which are inconsistent with the terms of this Franchisors Sublease or the Disclosure Document, concerning the profitability or likelihood of success of the Store at the Franchised Location, that Sublessee has been informed by Franchisor that there can be no guaranty of success in the franchised business and that Sublessee s business ability and aptitude is primary in determining his success

15 3 **Review of Franchise Disclosure Document** Sublessee acknowledges that Sublessee has read and understood this Sublease the Attachments hereto and Agreements relating thereto, if any, and that Sublessor has accorded Sublessee ample time and opportunity to consult with advisors and counsel of Sublessee s own selection about the potential benefits and risks of entering into this Sublease

15 4 **Attorneys' Fees** If Sublessor becomes a party to any legal proceedings concerning this Sublease the Master Lease, the Store or the Franchised Location by reason of any act or omission of Sublessee or the authorized representatives of Sublessee, Sublessee shall be liable to Sublessor for the reasonable attorneys fees and court costs incurred by Sublessor in the legal proceedings If either party commences a legal action against the other party arising out of or in connection with this Sublease, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys fees and costs of suit

15 5 **Atypical Arrangements** Sublessee acknowledges and agrees that Sublessor has made no warranty or representation that all Subleases previously issued or issued after this Sublease by Sublessor do or will contain terms substantially similar to those contained in this Sublease Sublessor may in its reasonable business judgment and its sole and absolute discretion, due to local business conditions or otherwise waive or modify comparable provisions of other subleases previously executed or executed after the date of this Sublease with other Sublessees of Sublessor in a non-uniform manner

15 6 **Additional Documents** Each of the parties agrees to execute, acknowledge and deliver to the other party and to procure the execution acknowledgment and delivery to the other party of any additional documents or instruments which either party may reasonably require to fully effectuate and carry out the provisions of this Sublease

15 7 **Counterparts and Electronic Copies** This Sublease may be executed in any number of counterparts each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument Signatures transmitted electronically or by facsimile will be deemed original signatures Electronic copies of this Sublease shall constitute and be deemed an original copy of this Sublease for all purposes provided that such electronic copies are fully executed, dated and identical in form to the original hard copy version of this Sublease

IN WITNESS WHEREOF the parties have executed this Sublease on the date first shown above

SUBLESSOR

SWEET CANDY LLC
A Nevada limited liability company

By _____

Name _____

Title _____

SUBLESSEE

_____,

[ ] A _____ corporation
[ ] A _____ limited liability company,
[ ] A _____ general partnership
[ ] A _____ limited partnership
[ ] An individual
[ ] Other (specify) _____

SWEET CANDY FRANCHISE, LLC
SUBLEASE

ATTACHMENT B
GUARANTEES

As an inducement to SWEET CANDY, LLC (**Sublessor**) to execute the Sublease with _____ (**Sublessee**) dated _____, and in consideration of Sublessor s executing the Sublease _____ (**Guarantors**), jointly and severally agree as follows

A Guarantors shall pay or cause to be paid to Sublessor all monies payable by Sublessee under the Sublease on the days and times in the manner therein appointed for payment thereof

B Guarantors shall unconditionally guarantee full performance and discharge by Sublessee of all the obligations of Sublessee under the Sublease at the times and in the manner therein provided

C Guarantors shall indemnify and hold Sublessor and its affiliates harmless against and from all losses, damages, costs and expenses which Sublessor and its affiliates may sustain, incur, or become liable for by reason of (1) the failure for any reason whatsoever of Sublessee to pay the monies payable pursuant to the Sublease or to do and perform any other act matter or thing pursuant to the provisions of the Sublease or (2) any act, action or proceeding of or by Sublessor for or in connection with the recovery of monies or the obtaining of performance by Sublessee of any other act matter or thing pursuant to the provisions of the Sublease

D Sublessor shall not be obligated to proceed against Sublessee or exhaust any security from Sublessee or pursue or exhaust any remedy including any legal or equitable relief against Sublessee before proceeding to enforce the obligations of the Guarantors under this Guarantee, and the enforcement of such obligations may take place before after or contemporaneously with, enforcement of any debt or obligation of Sublessee under the Sublease

E Without affecting the Guarantors obligations under this Guarantee Sublessor without notice to the Guarantors, may extend, modify or release any indebtedness or obligation of Sublessee, or settle, adjust, or compromise any claims against Sublessee Guarantors waive notice of amendment of the Sublease and notice of demand for payment or performance by Sublessee

F Guarantors obligations under this Guarantee shall remain in full force and effect and shall be unaffected by (1) the unenforceability of the Sublease against Sublessee, (2) the termination of any obligations of Sublessee under the Sublease by operation of law or otherwise, (3) the bankruptcy insolvency, dissolution, or other liquidation of Sublessee, including, without limitation, any surrender or disclaimer of the Sublease by the trustee in bankruptcy of Sublessee, (4) Sublessor s consent or acquiescence to any bankruptcy, receivership, insolvency, or any other creditor s proceedings of or against Sublessee, or by the winding-up or dissolution of Sublessee, or any other event or occurrence which would have the effect at law of terminating the existence of Sublessee s obligations prior to the termination of the Sublease or (5) by any other agreements or other dealings between Sublessor and Sublessee having the effect of amending or altering the Sublease or Sublessee s obligations under this Guarantee or by any want of notice by Sublessor to Sublessee of any default of Sublessee or by any other matter thing, act, or omission of Sublessor whatsoever

G The provisions of Section 12 of the Sublease shall apply as to any interpretation or enforcement of this Guarantee, and the provisions of Section 11 of the Sublease shall apply to any notice to either party, except that notice to Guarantors shall be as follows

Names and Addresses

_____
_____
_____

_____
_____
_____

IN WITNESS WHEREOF each of the undersigned has signed this Guarantee as of the date of the Sublease

GUARANTORS

_____ **Date** _____

_____ **Date** _____

Exhibit H
Area Development Agreement and Attachments

SWEET CANDY FRANCHISE, LLC
ASSET PURCHASE AGREEMENT

ATTACHMENT H
GUARANTEES

SWEET CANDY FRANCHISE, LLC
ASSET PURCHASE AGREEMENT

ATTACHMENT H
GUARANTEES

As an inducement to Sweet Candy, LLC (**Seller**) to execute the Asset Purchase Agreement with _____ (**Buyer**) dated _____, and the Assumption Agreement, described in the Asset Purchase Agreement (collectively the **Purchase Agreements**), and in consideration of Seller s executing the Purchase Agreements,_____ ____ ('**Guarantors**), jointly and severally agree as follows

A Guarantors shall pay or cause to be paid to Seller all monies payable by Buyer under the Purchase Agreements on the days and times in the manner therein appointed for payment thereof

B Guarantors shall unconditionally guarantee full performance and discharge by Buyer of all the obligations of Buyer under the Purchase Agreements at the times and in the manner therein provided

C Guarantors shall indemnify and hold Seller and its affiliates harmless against and from all losses, damages costs, and expenses which Seller and its affiliates may sustain, incur, or become liable for by reason of (1) the failure for any reason whatsoever of Buyer to pay the monies payable pursuant to the Purchase Agreements or to do and perform any other act, matter or thing pursuant to the provisions of the Purchase Agreements or (2) any act, action or proceeding of or by Seller for or in connection with the recovery of monies or the obtaining of performance by Buyer of any other act, matter or thing pursuant to the provisions of the Purchase Agreements

D Seller shall not be obligated to proceed against Buyer or exhaust any security from Buyer or pursue or exhaust any remedy including any legal or equitable relief against Buyer before proceeding to enforce the obligations of the Guarantors' under this Agreement and the enforcement of such obligations may take place before after, or contemporaneously with, enforcement of any debt or obligation of Buyer under the Purchase Agreements

E Without affecting the Guarantors obligations under this Guarantee Seller without notice to the Guarantors may extend, modify or release any indebtedness or obligation of Buyer, or settle, adjust, or compromise any claims against Buyer Guarantors waive notice of amendment of the Purchase Agreements and notice of demand for payment or performance by Buyer

F Guarantors obligations under this Guarantee shall remain in full force and effect and shall be unaffected by (1) the unenforceability of the Purchase Agreements against Buyer (2) the termination of any obligations of Buyer under the Purchase Agreements by operation of law or otherwise (3) the bankruptcy, insolvency dissolution or other liquidation of Buyer, including, without limitation, any surrender or disclaimer of the Purchase Agreements by the trustee in bankruptcy of Buyer, (4) Seller s consent or acquiescence to any bankruptcy receivership, insolvency or any other creditor s proceedings of or against Buyer or by the winding-up or dissolution of Buyer or any other event or occurrence which would have the effect at law of terminating the existence of Buyer s obligations prior to the termination of the Purchase Agreements or (5) by any other Purchase Agreements or other dealings between Seller and Buyer having the effect of amending or altering the Purchase Agreements or Buyer s obligations under this Guarantee, or by any want of notice by Seller to Buyer of any default of Buyer or by any other matter thing act or omission of Seller whatsoever

G The provisions of Section 18 of the Asset Purchase Agreement shall apply as to any interpretation or enforcement of this Guarantee and the provisions of Section 17(b) of the Asset Purchase Agreement shall apply to any notice to either party except that notice to Guarantors shall be as follows

Names and Addresses

_____
_____
_____

_____
_____
_____

IN WITNESS WHEREOF, each of the undersigned have signed this Guarantee as of the day and year set forth below

GUARANTORS

_____ Date _____

_____ Date _____

Exhibit I
Asset Purchase Agreement and Attachments

SWEET CANDY FRANCHISE, LLC
ASSET PURCHASE AGREEMENT

ATTACHMENT I
ASSUMPTION AGREEMENT

SWEET CANDY FRANCHISE, LLC

ASSUMPTION AGREEMENT

AGREEMENT made this __ day of _____, by and between Sweet Candy, LLC, a Nevada limited liability company (**Seller**'), on the one hand, and _____ (**Buyer**) on the other hand, with reference to the following facts

A On _____, Seller and Buyer entered into an Asset Purchase Agreement (the "**Purchase Agreement**) pursuant to which Seller sold to Buyer all of Seller s right, title and interest in and to the assets of the Sweet Factory store described on **Attachment A** attached to the Purchase Agreement (the "**Store**')

B Section 2(a)(iv) of the Purchase Agreement provides that Buyer shall purchase all '**Licenses** maintained by Seller and used by Seller in the operation of the Store, to the extent that they are transferable, and Section 4(b) of the Purchase Agreement provides that Buyer shall assume (i) each and all of the '**Assumed Liabilities** (as defined in Section 4(b) of the Purchase Agreement) of the Store and (ii) each and all of the obligations of Seller under the ' **Service Agreements** (as defined in Section 2(a)(ii) of the Purchase Agreement) and under the **Other Contracts** as defined in Section 7(m) of the Purchase Agreement) for the Store on the **Closing Date** (as defined in Section 6(b) of the Purchase Agreement

C The parties desire to enter into this Agreement to provide for Buyer s purchase of the Licenses and for Buyer s assumption of all of the obligations described in Section 4(b) of the Purchase Agreement and Section B of this Agreement on the terms and conditions set forth in this Agreement

NOW, THEREFORE, IT IS AGREED

1 **INCORPORATION OF RECITALS**

The Recitals set forth in Sections A through C of this Agreement are true and correct and are herein incorporated into the body of this Agreement as part of this Agreement

2 **LICENSES**

Seller hereby assigns transfers and conveys to Buyer all of Seller s right, title and interest in and to the Licenses to the extent they are transferable Buyer hereby assumes all obligations under the Licenses from and after the date of this Agreement

3 **ASSUMED LIABILITIES**

For purposes of this Agreement, the term ' **Assumed Liabilities** shall mean and refer to each and all of the following (i) the contracts, leases agreements and liabilities listed on **Schedule 3(a)** attached to this Agreement and incorporated into this Agreement by reference, **plus** (ii) the obligations of Seller under the Service Agreements listed on **Schedule 3(b)** attached to this Agreement and incorporated into this Agreement by reference, **plus** (iii) the Other Contracts listed on **Schedule 3(c)** attached to this Agreement and incorporated into this Agreement by reference

4 **ASSIGNMENT AND ASSUMPTION OF ASSUMED LIABILITIES**

Seller hereby assigns transfers and conveys to Buyer all of Seller s right, title and interest in and to the Service Agreements and the Other Contracts Buyer hereby assumes and promises to pay and perform all

of the Assumed Liabilities including, without limitation the Service Agreements and the Other Contracts from and after the date of this Agreement

5 INDEMNIFICATION

Buyer shall indemnify, defend and hold Seller free and harmless from and against any and all **Losses** (as defined below), which Seller shall incur or suffer which arise or result from the operation or conduct of the business of the Store by Buyer following the Preliminary Closing Date, from any default of Buyer arising under the Licenses and from any default of Buyer with respect to the Assumed Liabilities **Losses** shall mean any and all obligations liabilities, costs (including reasonable attorneys' fees) expenses, damages and losses actually incurred by Seller, net of any insurance proceeds and material tax adjustments, benefits savings or reductions to which Seller is entitled by virtue of such obligations liabilities, costs, expenses damages and losses provided however, that **Losses** exclude all consequential damages of any kind (including, without limitation loss of revenue or income cost of capital or loss of business reputation or opportunity)

IN WITNESS WHEREOF the parties have executed this Agreement as of the day and year first above written

SELLER

SWEET CANDY, LLC,
A Nevada limited liability company

By _____

Name _____

Title _____

BUYER

_____

[ ] A _____ corporation,
[ ] A _____ limited liability company
[ ] A _____ general partnership
[ ] A _____ limited partnership,
[ ] An individual
[ ] Other (specify) _____

By _____

Name _____

Title _____, and Individually

SWEET CANDY FRANCHISE, LLC
ASSET PURCHASE AGREEMENT

ATTACHMENT J
BILL OF SALE

SWEET CANDY FRANCHISE, LLC

BILL OF SALE

Pursuant to and in accordance with that certain Asset Purchase Agreement dated _____ (the **Purchase Agreement**), by and between Sweet Candy, LLC, a Nevada limited liability company ('**Seller**), on the one hand and _____ (**Buyer**), on the other hand, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Seller hereby sells conveys, transfers, assigns and delivers to Buyer the assets (the **Assets**) of **the Sweet Factory Store known as Sweet Factory #** _____ located at _____ (the 'Store) as set forth in Sections 2(a) and 2(c) of the Purchase Agreement Seller hereby represents and warrants that Seller has good and marketable title to each of the Assets and, in each case, the Asset is free and clear of any liens, claims, judgments, taxes, encumbrances, security interests, debts or adverse claims of any kind, except as otherwise disclosed in the Purchase Agreement

IN WITNESS WHEREOF the undersigned has executed this Bill of Sale as of _____

SELLER

SWEET CANDY, LLC
A Nevada limited liability company

By _____

Name _____

Title _____

SWEET CANDY FRANCHISE, LLC
ASSET PURCHASE AGREEMENT

ATTACHMENT K
GENERAL RELEASE

SWEET CANDY FRANCHISE, LLC
ASSET PURCHASE AGREEMENT

GENERAL RELEASE

_____ (**Buyer**) and _____ _____ ('**Guarantor(s)**) enter into this General Release on _____, with reference to the following facts

1 On _____, Sweet Candy, LLC a Nevada limited liability company ('**seller**) and Buyer entered into an Asset Purchase Agreement (the **Purchase Agreement**) pursuant to which on the date hereof (the ' **Closing Date**), Seller sold to Buyer all of Seller s right, title and interest in and to the assets (the ' **Assets**) of the Sweet Factory Store known as Sweet Factory #_____, described on **Attachment A** attached to the Purchase Agreement (the **Store**) which is located at the premises (the **Franchised Location**) described on **Attachment B** attached to the Purchase Agreement In connection with the Purchase Agreement, (i) Buyer sublet the Franchised Location from Seller under a Sublease between Buyer and Seller (the **Sublease**), (ii) Buyer agreed to operate the Store as a Franchisee of Sweet Candy Franchise LLC, a Nevada limited liability company (**Franchisor**), under a Franchise Agreement (the **Franchise Agreement**) with Franchisor for the Store, and (iii) [if applicable Buyer executed an Area Development Agreement in favor of Franchisor (the ' **Development Agreement**)], and (vii) Guarantor(S) executed Personal Guarantee(s) (the **Guarantee(s)** ') of the Purchase Agreement the Assumption Agreement the Sublease the Franchise Agreement [and the Development Agreement] in favor of Franchisor effective as of the Closing Date

2 For valuable consideration the receipt and sufficiency of which is hereby acknowledged Buyer and Guarantor(s) hereby releases and forever discharges Seller and Franchisor, and their subsidiaries and affiliated companies, and their respective directors officers, shareholders, partners employees members, managers attorneys and agents and their respective heirs, successors and assigns and each of them, from any and all obligations, liabilities, losses, demands, costs, expenses, claims, actions and causes of action, of whatever nature character or description, known or unknown, based upon anything that has occurred or existed or failed to occur or exist (collectively the '**Damages**) from the beginning of time to the date of this Agreement, including without limitation the Damages based on, arising from or relating to the Purchase Agreement, the Assets, the Franchised Location, the Assumption Agreement, the Sublease, the Franchise Agreement, [the Development Agreement], and the Guarantee(s), and any right or benefit which Buyer or Guarantor(S) may have under California Civil Code Section 1542, or any comparable statute, which reads as follows

> **Section 1542** General Release, Effects A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing this release, which if known by him or her must have materially affected his settlement with the debtor

3 This General Release sets forth the entire agreement and understanding of the parties regarding the subject matter of this General Release and any agreement, representation or understanding express or implied, heretofore made by any party or exchanged between the parties are hereby waived and canceled

4 This General Release shall be binding upon each of the parties to this General Release and their respective heirs, executors administrators, personal representatives, successors and assigns

(SIGNATURES ON FOLLOWING PAGE)

IN WITNESS WHEREOF, the parties have executed this General Release as of the day and year set forth above

BUYER

_____

_____,

[ ] A _____ corporation,
[ ] A _____ limited liability company
[ ] A _____ general partnership,
[ ] A _____ limited partnership,
[ ] An individual
[ ] Other (specify) _____

By _____

Name _____

Title _____, and Individually

GUARANTORS

_____

_____

SWEET CANDY FRANCHISE, LLC
ASSET PURCHASE AGREEMENT

ATTACHMENT L
PRELIMINARY BUSINESS PURCHASE AGREEMENT

SWEET CANDY FRANCHISE, LLC
ASSET PURCHASE AGREEMENT

ATTACHMENT L
PRELIMINARY BUSINESS PURCHASE AGREEMENT

A OFFER TO PURCHASE ASSETS

1 **THIS IS AN OFFER FROM** _____ a _____ (**Buyer**) to Sweet Candy, LLC a Nevada limited liability company (**Seller**) When executed by Seller and Buyer, this Agreement shall constitute the binding **UNCONDITIONAL** obligation of Buyer to purchase the "**Store**' described below **WITHOUT** any contingencies

2 The Sweet Factory Store whose assets are to be acquired by Buyer is known as Sweet Factory #____ (the Store) located at _____
_____
(the **Franchised Location**)

3 **THE PURCHASE PRICE IS $**_____

4 **INVENTORY VALUED AT AN ESTIMATED $**_____ is **NOT** included in the Purchase Price and cash in the store bank at the Business on the Closing Date estimated at $1,000 is **NOT** included in the Purchase Price Buyer will pay Seller the wholesale cost for the inventory and an amount for the actual cash in the store bank through escrow on the Closing Date

5 **CLOSE OF ESCROW SHALL OCCUR ON** _____, _____ (the **Closing Date**) The Closing Date may be extended for cause by Seller from time to time Possession will be delivered to Buyer on the Closing Date

B PAYMENT OF PURCHASE PRICE

1 **INITIAL DEPOSIT** $_____

Buyer has given a deposit of to be held uncashed until acceptance of this offer by Seller and then deposited within three (3) business days thereafter with Detail Escrow, Inc 12222 Artesia Boulevard, Artesia, California 90701, Telephone (562) 809-3090, Facsimile (562) 809-3103 (the ' **Escrow Holder**)

2 **ADDITIONAL CASH PAYMENT** $_____
Buyer to deposit with the Escrow Holder with sufficient time to close escrow Additional cash payment may be provided by a third-party lender

4 **SELLER FINANCING [IF APPLICABLE]** $_____
(See Section E below)

5 **TOTAL PURCHASE PRICE** (the '**Purchase Price**) $_____

C ASSETS TRANSFERRED

Seller will sell and transfer to Buyer all of Seller s right, title and interest to the following assets (the **Assets**) free and clear of all liens, claims and encumbrances All of the fixtures equipment signs and

other tangible assets of the Store, all of the service agreements for the Store (if, and to the extent, assumable) all of the useable stock-in-trade retail inventory and supplies located at the Store all licenses and permits maintained by Seller (to the extent that they are transferable) and all telephone numbers and facsimile numbers

Excluded Assets All cash in banks associated with the Store, the business records which relate to the operation of the Store prior to the Closing Date all refunds of federal, state or local income or franchise taxes or worker s compensation insurance premiums due Seller as of the Closing Date and all goodwill and intellectual property rights of Seller

All equipment at the Store (the 'Equipment) will be in working order on the Closing Date All remaining Assets will be sold **AS IS ' Seller MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND WITH RESPECT TO THE ASSETS, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, THOSE WITH RESPECT TO THE CONDITION OF THE ASSETS, THEIR MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR THE LIKE** There will be no abatement of the Purchase Price and SELLER will have no liability to Buyer for any claim, loss or damage as a result of any operating deficiency or defect in the Assets, the use or performance of the Assets or any interruption or loss of service or of use of the Assets

Seller and Buyer will conduct a walk through of the Store on or before the Closing Date (the **Walk Through**") to determine the condition of the Equipment at the Store and Seller will prepare a written list of any necessary repairs to be made (the '**Repair List**) to the Equipment at the Walk Through The Repair List will be the final and conclusive listing of all repairs to be made to the Equipment as of the Closing Date for all purposes, and Seller will have no responsibility whatsoever for any repairs which are not listed on the Repair List prepared at the Walk Through Unless the parties agree otherwise, Seller will complete all repairs on the Repair List within thirty (30) days after the Closing Date

D LIABILITIES TRANSFERRED

The following Service Agreements _____ (if any)

Other _____ (if any)

E FINANCING

Buyer will have sixty (60) days from the date this Agreement is signed by Seller to obtain financing of the Purchase Price from a third-party lender if necessary If Buyer is unable to obtain third-party financing, Seller may finance up to $_____ of the Purchase Price, in which case Buyer must proceed with the purchase of the Assets or Seller may terminate the transaction and return the Initial Deposit to Buyer Seller's financing will be based upon a ten (10) year amortization, all due and payable within thirty (30) months with interest at a variable interest adjusted every six (6) months after the Closing Date at a rate equal to the greater of the prime rate of interest as published by the Western Edition of the Wall Street Journal plus three percent (3%) OR ten percent (10%) per annum, plus a loan fee equal to one half (1/2) of one percent of the amount financed by Seller (the **Loan Fee**') On the Closing Date Buyer will execute and deliver to Seller a Promissory Note in favor of Seller in the amount financed (the **Purchase Note**) Payment of the Purchase Note will be secured by a security interest granted to Seller by Buyer in the Assets in accordance with a Security Agreement (the '**Security Agreement**) to be executed by Seller and Buyer on the Closing Date

F PAYMENTS REQUIRED IN ADDITION TO PURCHASE PRICE

Prior to the commencement of training Buyer will deposit $5,000 with the Escrow Holder as an Initial Training Fee On the Closing Date Buyer will pay the balance of the $35,000 initial franchise fee due to

SWEET CANDY LLC, a Nevada limited liability company ('**Franchisor**), the first month s rent and estimated monthly occupancy expenses for the Business Premises a security deposit equal to two (2) month s estimated rent and monthly occupancy expenses for the Business Premises, $3 000 for Seller s legal fees for the asset purchase and franchise documents all Loan Fees and $3,500 for Seller s legal and document preparation fees, as applicable

G **SUBLEASE**

Buyer will sublease the Franchised Location from Seller under a Sublease to be executed by Seller and Buyer on the Closing Date The expiration date, options to extend (if any), monthly rent and occupancy expenses for the Franchised Location will be identical to the expiration date options to extend (if any), monthly rent and occupancy expenses provided to Seller under Seller s Lease for the Franchised Location (the '**Master Lease**) The current rent for the Franchised Location are $_____ per month The current occupancy expenses for the Franchised Location are $_____ per month Buyer hereby acknowledges receipt of a copy of the Master Lease

H **FRANCHISE AGREEMENT**

As a transaction separate and apart from the sale and purchase of the Assets, Buyer will acquire a license to operate the Store under a Franchise Agreement (the **Franchise Agreement**) with Franchisor to be executed by Franchisor and Buyer on the Closing Date

I **INITIAL TRAINING PROGRAM**

Buyer will execute Franchisor s Initial Training Agreement (the **Initial Training Agreement**) following the parties execution of this Agreement Buyer must attend and complete Franchisor s Initial Training Program for franchisees offered by Franchisor to Franchisor s satisfaction, in accordance with the terms of the Initial Training Agreement, in order to become eligible to become a franchisee of Franchisor Buyer hereby authorizes the Escrow Holder to release the Initial Training Fee to Franchisor upon demand by Franchisor without any further instructions or authorization from BUYER to the Escrow Holder

J **PRORATIONS AND DEPOSITS, TAXES, ESCROW CHARGES**

All rents sewer charges, water charges, public utility charges, real and personal property taxes and other like expenses levied or assessed against the Assets and the Store will be prorated between Seller and Buyer as of the Closing Date Buyer will pay all sales and/or use taxes arising from the sale of the Assets by Seller to BUYER Seller and Buyer will equally pay all escrow fees and other related closing costs

K **BULK SALE ESCROW**

Seller and Buyer will comply with the Bulk Sales Law provisions of Division 6 of the Uniform Commercial Code, as the law applies in the State where the Store is located unless Seller and Buyer waive compliance with the same, in writing, on or before the Closing Date

L **SECURITY INTERESTS**

As a condition to the close of escrow Buyer will grant Seller and FRANCHISOR a security interest in and to all leasehold improvements, fixtures, furnishings and equipment, inventory and supplies located at or used in connection with the Store, now or hereafter acquired by Buyer, together with all accounts, payment intangibles attachments, accessories, additions, substitutions and replacements, all cash and non-cash proceeds derived from insurance or the disposition of such assets, all rights of Buyer to use the Sweet Factory® marks trade names trade styles, patents, copyrights and their registrations, trade secret information and other proprietary rights, and all rights granted, owned or licensed to Buyer under the

Franchise Agreement for the use of such marks, trade names, trade styles, patents, copyrights, trade secret information and other proprietary rights to secure payment and performance of all debts, liabilities and obligations of any kind, whenever and however incurred from Buyer to Seller and Franchisor

M SELLER TO OPERATE IN ORDINARY COURSE OF BUSINESS

During the period from the date of this Agreement to the Closing Date, Seller shall conduct the operations of the Store only in the ordinary and usual course of business consistent with past practices

N INDEMNIFICATION

Buyer will indemnify defend and hold Seller free and harmless from and against any and all Losses which Seller shall incur or suffer which arise or result from any injuries sustained by Buyer while at the Store prior to the Closing Date and from the operation or conduct of business at the Store by Buyer at any time after the Closing Date, from any breach of Buyer s representations, warranties or covenants and from any assumed liabilities Seller will indemnify, defend and hold Buyer free and harmless from and against any and all Losses which Buyer shall incur or suffer which arise or result from the operation or conduct of business at the Store by Seller at any time before the Closing Date only if the aggregate Losses exceed $5 000 (the **Indemnification Threshold'**), only to the extent of the excess of the Losses over the Indemnification Threshold and only if a claim for Losses is submitted in writing by Buyer to Seller within one (1) year after the Closing Date **Losses'** will mean any and all obligations liabilities, costs (including reasonable attorneys fees) expenses damages and losses actually incurred by Seller or Buyer, as the case may be

O TERMINATION

This transaction may be terminated at any time prior to the Closing Date by SELLER, if there has been a breach by Buyer of any representation, warranty, covenant or agreement on the part of Buyer which Buyer fails to cure within five (5) days after written notice thereof is given by SELLER (except that no cure period will be provided for a breach by Buyer which by its nature cannot be cured) Buyer will have no right to terminate this Agreement If this Agreement is terminated by Seller, the obligations of Seller to complete the transactions contemplated by this Agreement will expire and Seller will have no further obligations under this Agreement

P ACKNOWLEDGEMENTS BY BUYER

Buyer acknowledges and agrees as follows

1 Buyer has had the opportunity to review and approve and hereby approves, the Financial Statements for the Business heretofore provided to Buyer by Seller, the Guarantees the Master Lease, the Sublease the Franchise Agreement and the Initial Training Agreement

_____

BUYER'S INITIALS

2 Buyer has completed all due diligence to be undertaken by Buyer for the purchase of the Business There is no remaining due diligence to be undertaken by Buyer following the date of this Agreement

_____

BUYER S INITIALS

3 All equity owners of an entity Buyer and their spouses must personally guarantee the obligations of Buyer under the Asset Purchase Agreement Initial Training Agreement Assumption Agreement, Sublease General Release Franchise Agreement and Attachments Purchase Note and Security

Agreement [*IF APPLICABLE*] under a written Guarantee (the ' **Guarantee** ') to be submitted by Seller on or before the Closing Date

_____
BUYER'S INITIALS

4 **IT WOULD BE DIFFICULT TO MEASURE SELLER'S AGGREGATE DAMAGES IN THE EVENT OF A BREACH OF THIS AGREEMENT BY BUYER AND ACCORDINGLY, IN ADDITION TO, AND WITHOUT LIMITING ANY REMEDIES THAT MAY BE AVAILABLE TO SELLER FOR A BREACH OF THIS AGREEMENT, BUYER ACKNOWLEDGES AND AGREES THAT A FAIR AND REASONABLE ESTIMATE OF SUCH DAMAGES IS THE ENTIRE INITIAL DEPOSIT FOR THE PURCHASE OF AN OPERATING BUSINESS, WHICH IN NO WAY REPRESENTS A PENALTY OF ANY SORT BUYER FURTHER ACKNOWLEDGES AND AGREES THAT IN THE EVENT OF THE TERMINATION OF THIS AGREEMENT AS A RESULT OF BUYER'S BREACH OF THIS AGREEMENT PRIOR TO THE CLOSING DATE, SELLER SHALL BE ENTITLED TO RETAIN THE ENTIRE DEPOSIT AS LIQUIDATED DAMAGES BUYER FURTHER ACKNOWLEDGES AND AGREES THAT THIS PAYMENT IS A REASONABLE FORECAST OF THE DAMAGES LIKELY TO RESULT FROM SUCH BREACH BECAUSE OF THE LOST OPPORTUNITIES OF SELLER TO SELL THE BUSINESS TO OTHER AVAILABLE BUYERS AND IS NOT A PENALTY OF ANY KIND BUYER FURTHER ACKNOWLEDGES AND AGREES THAT THE PAYMENT OF LIQUIDATED DAMAGES SHALL NOT BE CONSTRUED AS A RELEASE OR WAIVER BY SELLER OF THE RIGHT TO PREVENT THE CONTINUATION OF ANY BREACH OF THIS AGREEMENT AND SHALL NOT PRECLUDE OR BE CONSTRUED TO PRECLUDE SELLER FROM MAKING A SHOWING OF IRREPARABLE INJURY OR ANY OTHER ELEMENT THAT MAY BE NECESSARY TO SECURE INJUNCTIVE RELIEF**

BUYER HEREBY AUTHORIZES THE ESCROW HOLDER TO RELEASE THE ENTIRE DEPOSIT, LESS ESCROW FEES INCURRED TO DATE, TO SELLER UPON DEMAND BY SELLER FOLLOWING ANY TERMINATION OF THIS AGREEMENT AS A RESULT OF A DEFAULT BY BUYER UNDER THIS AGREEMENT, WITHOUT ANY FURTHER INSTRUCTIONS OR AUTHORIZATION FROM BUYER TO THE ESCROW HOLDER

_____ _____
BUYER'S INITIALS **SELLER'S INITIALS**

5 Buyer has been advised by Seller that the following have been the owners of the Store during the three (3) year period preceding the date of this Agreement _____

_____

_____

Q **ATTORNEYS' FEES**

If Seller becomes a party to any legal proceedings concerning this Agreement or the Store by reason of any act or omission of Buyer, or its authorized representatives, Buyer will be liable to Seller for the reasonable attorneys fees and court costs incurred by Seller in the legal proceedings If either party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party will be entitled to have and recover from the other party its reasonable attorneys fees and costs of suit

R **CHOICE OF LAW, VENUE**

This Agreement will be interpreted and construed under the laws of California Any action brought by either party shall be brought within the State of California in the County of Orange

S ASSIGNMENT, SUCCESSORS AND ASSIGNS

Buyer shall not assign all or any part of Buyer s interests in this Agreement without the prior written consent of Seller, which such consent Seller may withhold for any reason in Seller's sole and absolute discretion Except as provided herein, this Agreement will be binding upon Seller and Buyer and their respective heirs, successors and assigns

T CONFIDENTIALITY

Buyer will hold in confidence all documents and information obtained from Seller regarding the Store (the **Confidential Information**) and will not disclose or convey any of such Confidential Information to any other person Buyer may disclose Confidential Information to Buyer s potential lenders employees, attorneys accountants landlords and financial advisors in connection with the purchase of the Store

U FORMAL DOCUMENTS

As a condition to the close of escrow Buyer will execute all of the following documents

Escrow Instructions Asset Purchase Agreement, Initial Training Agreement Assumption Agreement, Sublease (with a copy of the Master Lease attached) General Release, Franchise Agreement and Attachments Addendum for Purchase of Turnkey Unit [*if applicable*], Purchase Note and Security Agreement [*if applicable*], Guarantees thereof and Franchise Compliance Certification The Asset Purchase Agreement will contain customary representations and warranties for Seller and Buyer Where and to the extent that any of the provisions of the Asset Purchase Agreement or the Attachments to the Asset Purchase Agreement are contrary to, in conflict with or inconsistent with any provision contained in this Agreement the provisions contained in the Asset Purchase Agreement and the Attachments to the Asset Purchase Agreement shall control

V CREDIT REPORTS

Seller or its designee may, prior to the Closing Date through its representatives access and run the Buyer s credit report In addition if and to the extent, that Seller needs to run Buyer s credit report in connection with the financing for the purchase of the Assets after the Closing Date and through the term of the Franchise Agreement with Franchisor Buyer shall cooperate with Seller and provide Seller with its consent to access and run the Buyer's credit report upon Seller's request Buyer shall reimburse Seller for the cost of pulling any such credit reports

V DUAL REPRESENTATION BY BROKER

Buyer and Seller herby acknowledge and accept that _____ ('**Broker**) is representing both the Buyer and the Seller in this transaction (or in Florida acting as a Transaction Broker), and that it is the fiduciary responsibility of Broker and its agents to ethically and professionally assist both Buyer and Seller with integrity, honesty and loyalty Broker recommends that both Buyer and Seller consult with specialized professionals for tax or legal advice

W ENTIRE AGREEMENT

This Agreement and the Escrow Instructions contain all of the terms and conditions agreed upon by the parties hereto with reference to the subject matter hereof No other agreements oral or otherwise shall be deemed to exist or bind any of the parties hereto, and all prior agreements, understandings and representations are merged herein and superseded hereby

(SIGNATURES ON FOLLOWING PAGE)

BUYER

_____ _____

DATE

_____ _____

DATE

_____

ADDRESS

_____

TELEPHONE NUMBER

SELLER HEREBY ACCEPTS THE ABOVE OFFER UPON THE TERMS AND CONDITIONS HEREIN STATED AND TO PAY A COMMISSION TO _____ PER THE LISTING AGREEMENT WITH BROKER

_____ _____

MANAGING MEMBER **DATE**

SCHEDULES

SCHEDULE 2(a)(i)	EQUIPMENT
SCHEDULE 2(a)(ii)	SERVICE AGREEMENTS
SCHEDULE 2(a)(iii)	INVENTORY
SCHEDULE 2(a)(iv)	LICENSES
SCHEDULE 2(a)(v)	TELEPHONE NUMBERS
SCHEDULE 3(g)	ALLOCATION OF PURCHASE PRICE
SCHEDULE 3(h)	RENT AND ESTIMATED CENTER EXPENSES
SCHEDULE 4(b)	ASSUMED LIABILITIES
SCHEDULE 7(f)	FINANCIAL STATEMENTS
SCHEDULE 7(l)	LITIGATION
SCHEDULE 7(m)	OTHER CONTRACTS
SCHEDULE 7(n)	EMPLOYEES
SCHEDULE 7(o)	VIOLATIONS
SCHEDULE 9(n)	REFURBISHMENT OF STORE

Exhibit J
Franchise Compliance Certification

SWEET CANDY FRANCHISE, LLC

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT J

FRANCHISE COMPLIANCE CERTIFICATION

SWEET CANDY FRANCHISE, LLC
EXHIBIT J
FRANCHISE COMPLIANCE CERTIFICATE

As you know, Sweet Candy Franchise, LLC (**Franchisor**) and you are preparing to enter into a Franchise Agreement for the establishment and operation of a Sweet Factory franchised business The purpose of this Questionnaire is to determine whether any statements or promises were made to you that Franchisor has not authorized and that may be untrue, inaccurate, or misleading Please review each of the following questions and statements carefully and provide honest and complete responses to each

1 I had my first face-to-face meeting with a Franchisor representative on _____[date]
_____

2 Have you received and personally reviewed the Franchise Agreement and each Addendum and related agreement attached to it?

Yes _____No _____

3 Do you understand all of the information contained in the Franchise Agreement each Addendum and related agreement provided to you?

Yes _____No _____

If no, what parts of the Franchise Agreement, Addendum and/or related agreement do you not understand? (Attach additional pages, if necessary)

4 Have you received and personally reviewed Franchisor s Franchise Disclosure Document (**FDD**)?

Yes _____No _____

5 Did you sign a receipt for the FDD indicating the date you received it?

Yes _____No _____

6 Do you understand all of the information contained in the FDD and any state-specific Addendum to the FDD?

Yes _____No _____

If No, what parts of the FDD and/or Addendum do you not understand? (Attach additional pages, if necessary)

7 Have you discussed the benefits and risks of establishing and operating a Sweet Factory franchised business with an attorney accountant, or other professional advisor?

Yes _____No _____

If No do you wish to have more time to do so?

Yes _____ No _____

8 Do you understand that the success or failure of your Sweet Factory franchised business will depend in large part upon your skills and abilities, competition from other businesses interest rates inflation labor and supply costs, lease terms and other economic and business factors?

Yes _____No _____

9 Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues profits or operating costs of a Sweet Factory franchised business that is contrary to the information contained in the FDD?

Yes _____No _____

10 Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a Sweet Factory franchised business that is contrary to the information contained in the FDD?

Yes _____No _____

11 Has any employee or other person speaking on our behalf made any statement or promise concerning the total amount of revenue the Sweet Factory franchised business will or may generate that is contrary to the information contained in the FDD?

Yes _____No _____

12 Has any employee or other person speaking on our behalf made any statement or promise regarding the costs you will or may incur in operating a Sweet Factory franchised business that is contrary to the information contained in the FDD?

Yes _____No _____

13 Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Sweet Factory franchised business?

Yes _____No _____

14 Has any employee or other person speaking on our behalf made any statement promise, or agreement concerning the advertising marketing, training support service or assistance that we will furnish to you that is contrary to the information contained in the FDD?

Yes _____No _____

15 Have you entered into any binding agreement with us concerning the purchase of this franchise prior to today?

Yes _____No _____

16 Have you paid any money to us concerning the purchase of this franchise prior to today?

Yes _____No _____

17 If you have answered Yes to any one of questions 9-16, please provide a full explanation of each yes answer in the following blank lines (Attach additional pages if necessary and refer to them below)

18 I signed the Franchise Agreement and Addenda (if any) on _____ [date] and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor

Please understand that your responses to these questions are important to us and that we will rely on them

By signing this Questionnaire, you are representing that you have responded truthfully to the above questions

FRANCHISEE

_____,

[ ] an individual,
[ ] a _____ general partnership,
[ ] a _____ limited partnership
[ ] a _____ limited liability company
[ ] a _____ corporation

By _____
Its _____, and individually

_____, 20_____

Exhibit K
List of Franchisees

Sweet Factory Franchisee Information Current as of December 31 2016

#	Location	Franchisee	Phone Numbers	Addresses	E-mail	COE
105	Montclair	Nam Ki Hoo N m Jung Sun Nam Elisa Yoo	909 621 9755 (Stor) 909 621 0633 (F) 213 500 7456 (Elisa) 323 467 4483 (Home)	5131 Montclai Plaza Montclai CA 91763 Mr Nam 323 819 2815 212 N Arden Blvd Los Angeles CA 90004 Home	elisa_yoo@hotmail.com	/24/04
127	Tyler		951 785 0754 (St re)	1124 Galleria Tyler Riverside CA 92503		8/7/04
340	Ontario		909 481 5958 (Store)	4320 E 4th St. Sp.317 Ontario, CA 91764		/08
155	Mission Viejo		949-347 1242 (S re)	27000 Crown Valley Pkwy #218 Mission Viej CA 92691		5/21/08
113	S uth Bay	S m Cl g Christy Chung	310 793 0532 (Store) 949 633 4901 (Christy) 949 285 1097 (S m)	1815 Hawthorne Blvd. Suite 383 Redond Beach CA 90278 11 Alaska Irvine CA 92606	ischung@hotmail.com	5/26 04
133	Valencia	Jerry Holly Margaret Holly	661 254 0955 (Store) 661 877 5070 (Jerry) 661 299 1723 (Hom)	24201 V lencia Blvd #2009 Vale cia, CA 91355 17774 Heron L Felro k Ranch, CA 91387	[illegible]	8/ 04
166	N rth County	J h y Kim J dy Kim	760 737 6868 (S ore) 714 955 3606 (Johnny) 714 955 3607 (Judy) 858 385 0606 (Home)	200 E Via Rancho Pkwy #265 Escondido, CA 92025 18791 Caminito Pasadero U it #77 San Diego CA 92128		7 1/04
115	Carlsbad	Johnny Kim	760-720-5390 (Store)	2525 El Cami Re l #135 Carlsb d CA 92008	johnny@sweetfactorycandy.com	3/09
182	Ventura	Mike H ng	805 650 0765 (Store) 818 268 2742 (Mik) 818 889 9407 (Home)	3301 1060 East Main St. V ntura CA 93003 3920 Lost Springs D Calabasa CA 91301	mkhong123@hotmail.com	1/26/04
226	M l place	Meen P tel Sharad P tel	714 542 1301 (Store) 714 746 3968 (Meena) 714 670 17 1 (Home)	2800 N M l Street #664 Santa An CA 92701 6881 Vista Via Ave B na Park CA 90621	weet actory1@ boalcbal.net	4/22/05
402	Inland C ter	Young Cho	909 888 5323 (Store) 714 458 4808 (Cell) 760 948 8341 (Hom)	500 I la d Center Dr Sp #350 Sa Bernardino, CA 92418 10243 F rmington St Oak Hills CA 92345	[illegible]	5/4/04
431	Temec la	Young Kim	951 719 3147 (S ore) 714 423 1382 (Cell) 714 738 5415 (Home/F)	40820 Wi chest Rd U it #1510 T mecul CA 92591 156 W Las P lmas F llerton CA 92835	[illegible]	1/26/04
459	Santa Anita	Chri Chon Kathy Chon	626 447 8957 (Store) 714 315 2951 (Kathy) 714 680 3063 (Home) 714 309 8328 (Chris)	400 S Baldwi Ave #712-L Arcadia, CA 91007 2588 Peerblossom St. F llerton CA 92835	sweetcastello@yahoo.com	5/26/08
134	N rthridge		818-718-91 8 (Ston)	9301 T mpa Ave #70 Northridg , CA 91324		10 20 13
492	Sun V lley	Roger Min Kil-Woo M	925 969 7868 (St re) 415 385 7223 (R ger) 925 969 7863 (Fax) 925 837 0809 (Hom) 707 399 9069 (F)	408 Sun V lley Mall Concord CA 94520 151 Via Monte W lnut Creek CA 94598 1350 Travis Blvd #X 11 F irfield, CA 94533	rogermin@hotmail.com	1/11/07
114	S l no	707 399 9069 (S om)	707 399 9369 (S om)			2/7/08
493	Great Mall	K Hoo Hye Ok Yang (wif)	408 263 1204 (Store) 408-568 3133 (Mr Hoo Cel) 408-373-3472 (wif phon)	447 Grea Mall D #228 Milpitas CA 95035 4978 Eleata Drive San Jose CA 95124 (home)		4/20/07
451	Ston idge	E ce Choi	925 417 8924 (Home) 25 225 0012 (Store)	1389 Stoneridge M ll, Sp. #D103 Pleas nt , CA 94588		4/22/08
119	Cerritos	Steve Morrison Kyong Mee Morrison (Jody)	562-809-1266 (Store) 562 505-0695 (Ste) 562 505-0696 (Jody)	354 La Cerritos Cente Cerritos, CA 90701 13507 Droxford St Cerritos CA 90703	hyevet hyswe, lslic@yahoo.com	6/7/07
109	Parkway	Suk H Hong W K Cho Joong C Lee	619 410 8747 (M Hong) 619 206 9073 (Mr Choi) 619 886 2053 (M Lee)	673 Parkway Plaza #X-9 El Cajon CA 92020 16275 Avenida Suavidad San D eg CA 92128	sukhoan hong@gmail.com wkchoi2011@gmail.com joonglee@cave...om	7/23/07
489	Southland	Brian Cho E nice Cho 510 887 7475 (f)	925 519 0509 (Bri) 510-887 7 60 (Store) 925 699 2930 (Eunice)	3130 Gach Ct. Pleasanton CA 94588 595 S thland Mall Hayward CA 94545	eunicekcho@gmail.com briangallor@gmail.com	1 /2/07
486	WA Square	James Lee You g J e Lee	503 620 8240 (S ore) 360-833-8697 (Hor)	9461 SW Washington Square Rd Portland OR 97226 1155 NW Secajawea Ct. Camas OR 98607	sweetfactorywqsquare@f ontie .cor	6/9/08
174	V er	DH & TH LLC By Da id Y m Hyewon Yim	360-253 3868 (Store) 360-944-3723 (David's Cell) 360-597 5601(Hyew Cell)	8700 NE Vancouver M ll Driv # 295 V couver WA 98662 1713 SE 185th Pl ce Vanco ve WA 98683	yimsten@comcast.net hyewon_yim@comcast.net	9/18/08
139	South Center	All about Candy LLC By James Chon Hyun Duck Chon	425-430-1338 (Home) 425 999-5746 (James Cell) 206-248-7381 (Store)	1395 South Cente Mall T kwil WA 98188 7823 122 d Place SE, Newca tl WA 98056	hyunduck61@hotmail.com	9/25/08
180	Bellevue			206-766-2031 (jame office ONLY EMERGENCY CALLS		
104	Bro	Foro or S veals LLC Christopher S Chon	714-255-9901(St re)	1065 Brea Mall #1124A Brea CA 92821		1/9/09
485	Victor V ll y	Sue Hye Sook Lee Sue Lee Pa l Lee	760-245-5823 (Store) 949-878-2042 (sue cell) 949-878-0727 (pa l Cell)	14400 Bea V lley Road Spa #653 Vi torville CA. 92392	pl d n@gmail.com	6/18/09
288	Horton Plaza	Suk H Hong	619-231 7945 (Store)	227 Horto Plaza Sa Diego CA 92101	sukhoan.hong@g l.com	2/8/10
331	Som rset	Farah Naba F N Tra ts		2600 W Big Beav Rd #V 348 Troy MI	pop@sw eetfactory. n.com	10/1/12
497	Great L k s			4132 Baldwi Rd #405 A burn Hills, MI		
		Cambridge R ta ra t RCRG INC Michael Hamm me Gus Sh ke rah	734-207 1930 (Corp Office) Managing Member CEO	9278 General Dri e Suite 210 Plymouth MI 48170	mhamame@gmail.com gus s@raychns com	3/1/13
161	Ri erc nter			849 E Commerce Sp. #447 Se Antoni TX 78205		
263	T wer City			30 H iron Rd NW S te 7299 Cle eland OH 44113		
291	Circle Cente			49 W Maryland St. S te #F 9A I dia apolis IN 46204		

474	Gre wood			1251 U S 31 Nortl Sp #0F10 #1325 Greenwood IN 46142		
		SCSF Nowco In	310-475-2700	10866 Wilshir Blvd #145 Los A geles CA 90049		12/20/15
		Jeremy May Royce F mand	CEO CFO 714-221 5700 X 5712	2051 Santa Rose Plaza	Jmay@stcloudcapital.com Rfernandez@Swecifactory.com	
179	Sa ta Rosa			2051 Santa Rosa Plaza Santa Rosa CA 95401		
463	Del Amo Fashio C nt r			21540 Hawthorne Blvd Torrance CA 90503		

Exhibit L
State Specific Addenda

SWEET CANDY FRANCHISE, LLC

EXHIBIT L
STATE SPECIFIC AMENDMENTS

EXHIBIT L
STATE SPECIFIC AMENDMENTS

ATTACHMENTS TO
THE FRANCHISE AGREEMENT
FOR SPECIFIC STATES

If any one of the following Attachments to the Franchise Agreement for Specific States ("Attachment") is checked as an "Applicable Attachment" below, then that Attachment shall be incorporated into the Franchise Agreement entered into by Sweet Candy Franchise, LLC and you To the extent any terms of an Applicable Attachment conflict with the terms of the Franchise Agreement, the terms of the Attachment shall supersede the terms of the Franchise Agreement

Applicable Attachment

____California
____Illinois
____Maryland
____New York
____Washington

EXHIBIT L
STATE SPECIFIC AMENDMENTS
CALIFORNIA

The undersigned hereby acknowledge and agree that

1 The California Department of Corporations requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL BUS & PROF CODE Section 31000 et seq , and the California Franchise Relations Act, CAL BUS & PROF CODE Section 20000 et seq To the extent that the Franchise Agreement (the "**Agreement**) contains provisions that are inconsistent with the following, such provisions are amended

a California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning nonrenewal and termination of the Agreement If the Agreement contains a provision that is inconsistent with the law, the law will control

b The Franchise Agreement provides for termination upon bankruptcy This provision may not be enforceable under federal bankruptcy law

c YOU MUST SIGN A GENERAL RELEASE IF YOU RENEW OR TRANSFER YOUR FRANCHISE CALIFORNIA CORPORATIONS CODE SECTION 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE SECTIONS 31000 THROUGH 31516)

d The Agreement requires payment of liquidated damages that is inconsistent with California Civil Code Section 1671 and the liquidated damage clause may be unenforceable

e The Agreement contains a covenant not to compete which extends beyond the expiration or termination of the Agreement and the covenant may be unenforceable under California law

2 Each provision of this Attachment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of California law are met independently without reference to this Attachment

EXHIBIT L
STATE SPECIFIC AMENDMENTS
ILLINOIS

The undersigned hereby acknowledge and agree that

1 Section 705/4 of the Illinois Franchise Disclosure Act of 1987 (the "**Act**') provides that any provision in the Franchise Agreement (the "**Agreement**") which designates venue outside of Illinois is void with respect to any cause of action which is otherwise enforceable in Illinois, however, the Agreement may provide for arbitration in a forum outside of Illinois

2 Illinois law shall apply to and govern any claim between the parties under the Franchise Agreement that alleges violation of the Act

3 Paragraph 19 1 and Paragraph 19 2 of the Franchise Agreement are amended to read as follows

- 19 1 Choice of Law This Agreement shall be interpreted and construed under the laws of Illinois Nothing in this Paragraph 19 1 is intended by the parties to subject this Agreement to any franchise or similar law, rules, or regulations of the state of Illinois to which it would not otherwise be subject

- 19 2 Venue The parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought within the State of Illinois

4 Notwithstanding anything in the Franchise Agreement to the contrary, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of this State is void This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of the Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code

5 Each provision of this Attachment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Attachment

EXHIBIT L
STATE SPECIFIC AMENDMENTS
MARYLAND

The undersigned hereby acknowledge and agree that

1 The state of Maryland has a statute, the Maryland Franchise Registration and Disclosure Law, Md Code Bus Reg Sections 14-201 through 14-233 (the "Law"), which may supersede the franchise agreement in your relationship with the franchisor To the extent that the Franchise Agreement (the "Agreement") contains provisions that are inconsistent with the Law, such provisions are amended

2 The Agreement shall be deemed amended so that no release, assignment, novation, waiver or estoppel is required if it would violate the Law Nothing in the Agreement, including any acknowledgments or representations, shall be deemed a release or waiver of any right or obligation under the Law

3 Any provision in the Agreement that provides for termination upon bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law

4 Any provision in the Agreement requiring Franchisee to sign a general release of any and all claims against Franchisor shall not apply to claims arising under the Law

5 Section 14-226 of the Law prohibits Franchisor from requiring a prospective Franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise Any provisions of the Agreement which requires a prospective Franchisee to disclaim the occurrence and/or non-occurrence of acts that would constitute a violation of the Law in order to purchase a franchise are not intended to, nor shall they act as a release, estoppel or waiver of any liability incurred under the Law

6 Any provision requiring Franchisee to bring an action against Franchisor in any state other than Maryland shall not apply to claims arising under the Law Franchisee may bring an action in Maryland for claims arising under the Law

7 Each provision of this Attachment shall be effective only to the extent, with respect to such provision that the jurisdictional requirements of the Law are met independently without reference to this Attachment

EXHIBIT L
STATE SPECIFIC AMENDMENTS
NEW YORK

The undersigned hereby acknowledge and agree that

1 The General Business Law of the State of New York, Article 33, and the regulations issued under the Law, require that certain provisions contained in the franchise documents be amended to be consistent with New York law To the extent that the Franchise Agreement (the '**Agreement**") contains provisions that are inconsistent with New York law, such provisions are amended

a The following sentence shall be included at the end of the first sentence in Section 13 1 **Transfer by Franchisor** provided, however, that we will only assign to an assignee who in our good faith judgment is willing and able to assume our obligations

b The following sentence shall be included at the end of the first sentence in Section 14 6 **Termination by Franchisee** Franchisee may terminate this Agreement on any grounds available by law

c The following sentence shall be included at the end of the first sentence in Section 19 4 **Indemnification** Notwithstanding this Section 19 4, Franchisee shall not be required to indemnify Franchisor for any liabilities which arose as a result of Franchisor's breach of this Agreement or other civil wrongs committed by Franchisor

2 Each provision of this Attachment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Law are met independently without reference to this Attachment

EXHIBIT L
STATE SPECIFIC AMENDMENTS
WASHINGTON

The undersigned hereby acknowledge and agree that

The Washington Department of Financial Institutions requires that certain provisions contained in the franchise documents be amended to be consistent with Washington law To the extent that the Franchise Agreement (the "**Agreement**") contains provisions that are inconsistent with the following, such provisions are amended

1 The State of Washington has a statute, RCW 19 100 180, which may supersede the Agreement with respect to provisions regarding termination and renewal the franchise There may also be court decisions which may supersede the Agreement with respect to provisions regarding termination and renewal of the franchise

2 In any arbitration involving franchise purchased n Washington, the arbitration site shall be either in the state of Washington, on in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

3 If any of the provisions in the Agreement are inconsistent with the relationship provisions of RCW 19 100 180 or other requirements of the Washington Franchise Investment Protection Act (the "**Act**"), the provisions of the Act will prevail over the inconsistent provisions

4 A release or waiver of rights executed by Franchisee shall not include rights under the Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable

5 To the extent required by the Act, transfer fees are collectable to the extent that they reflect Franchisor's reasonable estimated or actual costs in effecting a transfer

6 Each provision of this Attachment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Attachment

The following paragraph is to be added at the end of Item 17

If any of the provisions in this Disclosure Document or Franchise Agreement are inconsistent with the related provisions of the Revised Code of Washington Section 19100180 or any other requirements of the Washington Franchise Investment Protection Act (the **Act**'), the provisions of the Act will prevail over the inconsistent terms of the Disclosure Document or Franchise Agreement

WASHINGTON

RIDER TO FRANCHISE AGREEMENT

In recognition of the requirements of the Washington Franchise Investment Protection Act (RCW 19100 180), the parties to the attached Franchise Agreement agree as follows

The State of Washington has a statute, the Washington Franchise Investment Protector Act, RCW 19100 180 ("the Act"), which might supersede this Agreement or Franchisee's relationship with Franchisor, including in the areas of termination and renewal of Franchisee's franchise There might also be court decisions which supersede the Agreement or Franchisee's relationship with Franchisor, including termination and renewal of Franchisee's franchise

In any arbitration involving a franchise purchased in Washington, the arbitrator site shall be, but only if required by the Act (to the extent such requirement is not preempted by the Federal Arbitration Act), either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

In the event of a conflict of laws, to the extent required by the Act, the provisions of the Act, Chapter 19100 RCW, shall prevail

To the extent required by the Act, a release or waiver of rights executed by Franchisee shall not include rights under the Act, except when executed pursuant to a negotiated settlement after the Agreement is in effect and where the parties are represented by independent counsel Provisions such as those which unreasonably restrict or effect the statute of limitations period for claims under the Act, or rights or remedies under the Act, such as a right to a jury trial, might not be enforceable

To the extent required by the Act, transfer fees are collectable to the extent that they reflect Franchisor's reasonable estimate or actual costs in effecting a transfer

IN WITNESS WHEREOF each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms

ACKNOWLEDGMENT

It is agreed that the applicable foregoing Applicable Attachment, if any, supersedes any inconsistent portion of the Franchise Agreement dated the _____ day of _____, 20__, and of the Franchise Disclosure Document, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect, and the parties further acknowledge and agree that this Applicable Attachment is applicable only to those persons specifically subject to the protections of the state laws referenced in this Applicable Attachment

DATED this _____ day of _____, 20__

FRANCHISOR

SWEET CANDY FRANCHISE, LLC,

By _____

Name _____

Title _____

FRANCHISEE

_____,

[ ] an individual,
[ ] a _____ general partnership,
[ ] a _____ limited partnership,
[ ] a _____ limited liability company,
[ ] a _____ corporation

By _____
Its _____, and individually

Exhibit M
Candidate Confidentiality Agreement

SWEET CANDY FRANCHISE, LLC

EXHIBIT M

CANDIDATE CONFIDENTIALITY AGREEMENT

THIS CANDIDATE CONFIDENTIALITY AGREEMENT (this **Agreement**) is made this ___ day of _____, 20__, by and between **SWEET CANDY FRANCHISE, LLC**, a Nevada limited liability company ("**Franchisor**") and _____ (**Candidate**"), with reference to the following facts

A Sweet Candy, LLC, a Nevada limited liability company, an affiliate of Franchisor, has as the result of the expenditure of time skill effort, and money, developed a distinctive system relating to the establishment and operation of self-service candy and confection stores offering one-price candy and confections in bulk (the "**System**")

B The distinguishing characteristics of the System include, without limitation candy gifting and novelty items which incorporate Franchisor's trade secrets and proprietary information (the "**Proprietary Products**") operating methods and business practices the relationship between Franchisor and its franchisees distinctive exterior and interior design, decor color scheme, fixtures, and furnishings, standards and specifications for products and supplies, service standards, uniform standards, specifications and procedures for operations procedures for inventory and management control training and assistance, advertising and promotional programs Franchisor s websites Franchisor specified pricing, restrictions on ownership standard operating and administrative procedures and management and technical training programs all of which may be changed improved, and further developed by Franchisor from time to time

C The System is identified by means of certain trade names, service marks trademarks, logos emblems and indicia of origin, including, but not limited to the mark "**Sweet Factory** and such other trade names service marks and trademarks as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System (the "**Proprietary Marks**")

D Franchisor may provide Candidate with confidential and proprietary information regarding the System and the Proprietary Products prior to granting or declining to grant Candidate a franchise Franchisor desires that Candidate maintain the confidentiality of all such confidential and proprietary information on the terms and conditions set forth in this Agreement

NOW, THEREFORE, IT IS AGREED

1 **INCORPORATION OF RECITALS**

The recitals set forth in Paragraph A through Paragraph D above are true and correct and are hereby incorporated by reference into the body of this Agreement

2 **CONFIDENTIALITY**

2 1 **Confidential Information** Candidate acknowledges and agrees that the System is comprised of confidential information that has been developed by Franchisor and its affiliates by the investment of time skill, effort and money and is widely recognized by the public, is of substantial value and is proprietary, confidential and constitutes trade secrets of Franchisor and its affiliates and includes, without limitation, tangible and intangible information (whether or not in electronic form) relating to Franchisor's business operations products and services sources of materials and equipment client management and other software, data other content formulations patterns compilations, programs, devices and processes business relationships contact information for industry professionals designs developmental or experimental work and services,

improvements, discoveries, plans for research potential new or supplemental products and services, websites advertisements or ancillary products and services marketing and selling methods and/or plans business plans, budgets and unpublished financial statements licenses, prices and costs, vendors, collaborators current customer and prospective customer names and addresses information regarding credit extensions to customers, customer service purchasing histories and prices charged to customers, information regarding the skills and compensation of employees and contractors of Franchisor, designs, drawings, specifications, source code object code documentation diagrams flowcharts, research development marketing techniques and materials, trademarks, trade secrets sales/license techniques inventions, copyrightable material, trademarkable material databases relationships between Franchisor and other companies, persons or entities, knowledge or know-how concerning the methods of operation of Stores which may be communicated to Candidate, or of which Candidate may be apprised under the terms of this Agreement and any other information or material considered proprietary by Franchisor whether or not designated as confidential information by Franchisor that is not generally known by the public, or which derives independent economic value (actual or potential) from not being generally known to the public or persons unaffiliated with Franchisor or its affiliates and which is the subject of efforts by Franchisor that are reasonable under the circumstances to maintain its secrecy, and any other information in oral, written, graphic or electronic form which given the circumstances surrounding its disclosure, would be considered confidential (collectively the **Confidential Information**) Confidential Information does not include any information that was in the lawful and unrestricted possession of Candidate prior to its disclosure by Franchisor, is or becomes generally available to the public by acts other than those of Candidate after receiving it, has been received lawfully and in good faith by Candidate from a third party who did not derive it from Franchisor or Candidate or is shown by acceptable evidence to have been independently developed by Candidate

2 2 **Value** Candidate acknowledges and agrees the Confidential Information is not generally known by the public or parties other than Franchisor its affiliates its franchisees and Candidate, derives independent economic value (actual or potential) from not being generally known to the public or persons unaffiliated with Franchisor or Candidate, and is the subject of efforts by Franchisor that are reasonable under the circumstances to maintain the secrecy of the Confidential Information, including, without limitation (i) not revealing the Confidential Information to unauthorized parties (ii) requiring Sweet Factory franchisees to acknowledge and agree in writing that the Confidential Information is confidential, (iii) requiring Sweet Factory franchisees to agree in writing to maintain the confidentiality of the Confidential Information (iv) monitoring electronic access to the Confidential Information by the use of passwords and other restrictions so that electronic access to the Confidential Information is limited to authorized parties and (v) requiring its franchisees to return all Confidential Information to Franchisor upon the expiration or termination of their Franchise Agreements

2 3 **Maintain Confidentiality** Candidate shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of anyone else, any information that Franchisor considers its trade secrets and/or Confidential Information Candidate shall divulge such Confidential Information only to such of its employees who must have access to it in order to perform their employment responsibilities

3 GENERAL

3 1 **Injunction** Candidate recognizes the unique value and secondary meaning attached to the Confidential Information and the elements of the System and agrees that any noncompliance with the terms of this Agreement or any unauthorized or improper use of the Confidential Information will cause irreparable damage to Franchisor and its franchisees Candidate therefore agrees that if Candidate should engage in any such unauthorized or improper use of the Confidential Information Franchisor shall be entitled to both permanent and temporary injunctive relief from any court of competent jurisdiction without notice or the posting of any bond in addition to any other remedies prescribed by law

3 2 **Heirs and Successors** This Agreement shall be binding upon and inure to the benefit of the parties, their heirs, successors and assigns

3 3 **Entire Agreement** This Agreement represents the entire understanding between the parties regarding the subject matter of this Agreement and supersedes all other negotiations, agreements representations and covenants, oral or written This Agreement may not be modified except by a written instrument signed by Franchisor and Candidate that expressly modifies this Agreement The parties intend this Agreement to be the entire integration of all of their agreements on this subject of any nature regarding the subject matter of this Agreement No other agreements representations, promises, commitments or the like of any nature exist between the parties

3 4 **No Warranties** Candidate acknowledges and agrees that Franchisor has made no promises representations or warranties to Candidate that are inconsistent with the terms of this Agreement or Franchisor's Franchise Disclosure Document concerning the profitability or likelihood of success of the franchised business, that Candidate has been informed by Franchisor that there can be no guaranty of success in the franchised business and that Candidate's business ability and aptitude is primary in determining his success

3 5 **No Right to Use the System, the Proprietary Marks or Proprietary Products** This Agreement is not a Franchise Agreement or a license of any sort, and does not grant Candidate any right to use or to franchise or license the use of the Confidential Information, which right is expressly reserved by Franchisor

3 6 **Waiver** Failure by Franchisor to enforce any rights under this Agreement shall not be construed as a waiver of such rights Any waiver including a waiver of default in any one instance shall not constitute a continuing waiver or a waiver in any other instance

3 7 **Validity** Any invalidity of any portion of this Agreement shall not affect the validity of the remaining portions and unless substantial performance of this Agreement is frustrated by any such invalidity this Agreement shall continue in full force and effect

3 8 **Headings and Gender** The headings herein are for purposes of convenience only and shall not be used in construing the provisions hereof As used herein, the male gender shall include the female and neuter genders, the singular shall include the plural and the plural, the singular

3 9 **Attorneys' Fees** If Franchisor becomes a party to any legal proceedings concerning this Agreement by reason of any act or omission of Candidate or its authorized representatives, Candidate shall be liable to Franchisor for the reasonable attorneys' fees and court costs incurred by Franchisor in the legal proceedings If either party commences a legal proceeding against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit

3 10 **Cumulative Remedies** Any specific right or remedy set forth in this Agreement, legal equitable or otherwise shall not be exclusive but shall be cumulative with all other rights or remedies set forth herein or allowed or allowable by law

3 11 **Notices** Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties pursuant hereto shall be deemed so delivered at the time delivered by hand one (1) business day after electronic transmission (with confirmation copy sent by regular United States mail) or three (3) business days after placement in the United States mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed as follows

Any notice or demand to Franchisor shall be given to

Sweet Candy Franchise LLC
929 W Barkley Avenue
Orange California 92868
Fax 714-223-1081
Attention President

With a copy to

Barry Kurtz, Esq
Kurtz Law Group, A Professional Corporation
21650 Oxnard Street, Suite 500
Woodland Hills California 91367
Fax (818) 986-4474

Any notice or demand to Candidate shall be given to

_____
_____
_____
Fax _____

Either party may change its address for the purpose of receiving notices, demands and other communications by a written notice given in the manner set forth above to the other party

3 12 **Governing Law** This Agreement takes effect upon its acceptance and execution by Franchisor in California and shall be interpreted and construed under the laws of California In the event of any conflict of law the laws of California shall prevail without regard to the application of California conflict of law rules

3 13 **Venue** The parties agree that any action brought by either party against the other in any court whether federal or state shall be brought within the State of California in the county in which Franchisor has its principal place of business at the time the action is initiated and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision

3 14 **Counterparts and Electronic Copies** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument Signatures transmitted electronically or by facsimile will be deemed original signatures Electronic copies of this Agreement shall constitute and be deemed an original copy of this Agreement for all purposes provided that such electronic copies are fully executed dated and identical in form to the original hard copy version of this Agreement

(Signature Page Follows)

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first shown above

FRANCHISOR

SWEET CANDY FRANCHISE LLC,

By _____

Name _____

Title _____

CANDIDATE

_____,

[ ] an individual,
[ ] a _____ general partnership,
[ ] a _____ limited partnership
[ ] a _____ limited liability company
[ ] a _____ corporation

By _____
Its _____, and individually

Exhibit N
Non-Disclosure and Confidentiality Agreement for Employees of Franchisee

SWEET CANDY FRANCHISE, LLC

EXHIBIT N

NON-DISCLOSURE AND CONFIDENTIALITY AGREEMENT FOR EMPLOYEES OF FRANCHISEE

SWEET CANDY FRANCHISE, LLC

NON-DISCLOSURE AND CONFIDENTIALITY AGREEMENT

FOR EMPLOYEES OF FRANCHISEE

SWEET CANDY FRANCHISE, LLC
NON-DISCLOSURE AND CONFIDENTIALITY AGREEMENT

THIS NON-DISCLOSURE AND CONFIDENTIALITY AGREEMENT (this Agreement) is made this _____ day of _____, 20___ (the **Effective Date**) by and between _____ (**Franchisee**) on the one hand and _____ ("**Recipient**), on the other hand with reference to the following facts

A Sweet Candy Franchise, LLC a Nevada limited liability company (**Franchisor**) has, as the result of the expenditure of extensive time, skill effort and money, developed a distinctive system (the **System**) for the operation of owner operated self service candy and confection in-line stores and kiosks (collectively '**Store**' or '**Stores**) identified by certain trade names, service marks and trademarks such as **Sweet Factory** (the **Proprietary Marks**) and that offer one-price candy and confections in bulk for sale to the general public

B The distinguishing characteristics of the System include, without limitation candy, gifting and novelty items which incorporate Franchisor s trade secrets and proprietary information (the **Proprietary Products**) operating methods and business practices, the relationship between Franchisor and its franchisees distinctive exterior and interior design, decor color scheme fixtures, and furnishings standards and specifications for products and supplies, service standards, uniform standards specifications and procedures for operations procedures for inventory and management control, training and assistance advertising and promotional programs Franchisor's websites Franchisor specified pricing, restrictions on ownership standard operating and administrative procedures and management and technical training programs, all of which may be changed, improved and further developed by Franchisor from time to time Franchisor continues to invest time, skill, effort and money to further develop test and use the Stores the Confidential Information and the Factory System in order to maintain the Factory System s high standards of quality, skill and service

C The Factory System is comprised of confidential information, including, without limitation tangible and intangible information (whether or not in electronic form) relating to Franchisor's business operations products and services sources of materials and equipment, client management and other software, data, other content formulations, patterns, compilations, programs devices and processes, business relationships contact information for industry professionals designs, developmental or experimental work and services improvements discoveries plans for research potential new or supplemental products and services websites advertisements or ancillary products and services marketing and selling methods and/or plans business plans, budgets and unpublished financial statements, licenses prices and costs, vendors collaborators, current customer and prospective customer names and addresses, information regarding credit extensions to customers customer service purchasing histories and prices charged to customers information regarding the skills and compensation of employees and contractors of Franchisor, designs drawings specifications source code, object code, documentation diagrams flowcharts, research development, marketing techniques and materials trademarks trade secrets sales/license techniques inventions copyrightable material, trademarkable material databases relationships between Franchisor and other companies persons or entities knowledge or know-how concerning the methods of operation of the Store which may be communicated to Recipient, or of which Recipient may be apprised, and any other information or material considered

proprietary by Franchisor whether or not designated as confidential information by Franchisor that is not generally known by the public or which derives independent economic value (actual or potential) from not being generally known to the public or persons unaffiliated with Franchisor or its affiliates and which is the subject of efforts by Franchisor that are reasonable under the circumstances to maintain its secrecy and any other information in oral written graphic or electronic form which given the circumstances surrounding its disclosure, would be considered confidential (collectively, the **Confidential Information**)

D Franchisor has and continues to protect the Confidential Information by, among other things (i) not revealing the Confidential Information to unauthorized parties, (ii) requiring Sweet Factory franchisees to acknowledge and agree in writing that the Confidential Information is confidential (iii) requiring Sweet Factory franchisees to agree in writing to maintain the confidentiality of the Confidential Information (iv) monitoring electronic access to the Confidential Information by the use of passwords and other restrictions so that electronic access to the Confidential Information is limited to authorized parties and (v) requiring its franchisees to return all Confidential Information to Franchisor upon the expiration or termination of their Franchise Agreements

E Franchisor and Franchisee have entered into a Franchise Agreement under which Franchisor has granted Franchisee the right to own and operate a Store (the ' **Franchised Business**) and to use the System, the Proprietary Marks and the Confidential Information in the operation of the Franchised Business

F Franchisee is obligated under its Franchise Agreement with Franchisor to obtain a written agreement from each of Franchisee s employee who may have access to the Confidential Information and who may be the recipient of the disclosure of the Confidential Information to maintain the confidentiality of the Confidential Information, to obtain the written agreement of each employee to not use the Confidential Information other than in the course of his or her employment or engagement by Franchisee and to not disclose any of the Confidential Information to any unauthorized parties during the period of time that he or she is providing services for Franchisee and forever after his or her employment or engagement by Franchisee ends

NOW, THEREFORE, IT IS AGREED

1 **ACKNOWLEDGMENTS OF RECIPIENT**

1 1 **No Prior Experience, Information or Knowledge** Prior to his or her employment or engagement by Franchisee, Recipient had no experience, information or knowledge whatsoever about the operation of owner-operated self service candy and confection in-line stores or kiosks or Stores Recipient s knowledge of the Confidential Information was obtained only from Franchisee following the Effective Date and only in the course of Recipient's employment or engagement by Franchisee

1 2 **Confidential Information** The Confidential Information includes all of the items included elsewhere in this Agreement and in addition without limitation, any other information or material considered proprietary by Franchisor whether or not designated as Confidential Information by Franchisor but that is not generally known by the public, or which derives independent economic value

(actual or potential) from not being generally known to the public or persons unaffiliated with Franchisor and which is the subject of efforts by Franchisor that are reasonable under the circumstances to maintain its secrecy or any other information in oral, written graphic or electronic form which, given the circumstances surrounding such disclosure would be considered confidential Confidential Information also includes the manner in which any of the above described items may be combined with other information or products or synthesized or used by Franchisor, Franchisee or Recipient Confidential Information does not include any information which (a) was in the lawful and unrestricted possession of Recipient prior to its disclosure by Franchisor, (b) is or becomes generally available to the public by acts other than those of Recipient after receiving it, (c) has been received lawfully and in good faith by Recipient from a third party who did not derive it from Franchisor or Franchisee, or (d) is shown by acceptable evidence to have been independently developed by Recipient

1 3 **Independent Value** The Confidential Information (i) is not generally known by the public or parties other than Franchisor its affiliates its franchisees and Franchisee, (ii) derives independent economic value (actual or potential) from not being generally known to the public or persons unaffiliated with Franchisor or Franchisee and (iii) is the subject of extensive efforts by Franchisor that are reasonable under the circumstances to maintain the secrecy of the Confidential Information

1 4 **Valuable and Proprietary** The Confidential Information has been developed by Franchisor its founder and their affiliates by the investment of time, skill effort and money and is widely recognized by the public of substantial value and is proprietary confidential and constitutes trade secrets of Franchisor, its founder and their affiliates

2 COVENANTS OF RECIPIENT

Recipient agrees that so long as Recipient is employed or engaged by Franchisee and forever after his or her employment or engagement by Franchisee ends

2 1 **Maintain Confidentiality** Recipient will fully and strictly maintain the confidentiality of the Confidential Information, will exercise the highest degree of diligence in safeguarding the Confidential Information and will not disclose or reveal the Confidential Information to any person other than Franchisee or another person employed or engaged by Franchisee while an employee of Franchisee and will then do so only to the degree necessary to carry out Recipient s duties as an employee of Franchisee

2 2 **No Reproduction or Use** Recipient will not directly or indirectly reproduce or copy any Confidential Information and will make no use of any Confidential Information for any purpose whatsoever except as may be required while Recipient is employed or engaged by Franchisee and will then do so only in accordance with the provisions of this Agreement and only to the degree necessary to carry out Recipient's duties as an employee of Franchisee

2 3 **Restrictions** Recipient acknowledges and agrees that due to the valuable specialized training and access to the Confidential Information that Recipient will enjoy while employed or engaged by Franchisee

2 3 1 Recipient will not, while employed or engaged by Franchisee, either directly or indirectly for himself or herself or through, on behalf of or in conjunction with any other person or entity (i) divert or attempt to divert any present or prospective Store customer to any competitor by direct or indirect inducement or otherwise or do or perform directly or indirectly any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System or (ii) employ or seek to employ any person who is or has been within the previous thirty (30) days employed by Franchisee or Franchisor or an affiliate of Franchisor as a managerial or supervisory employee, or otherwise directly or indirectly induce such person to leave his or her employment, or (iii) own maintain, advise operate, engage in be employed by, make loans to, invest in provide any assistance to or have any interest in (as owner or otherwise) or relationship or association with any self-service candy and confection business that is the same or similar to the Store which offers one-price candy and confections for sale at retail in bulk or which sells candy and confection products in bulk at retail in a manner similar to the System

2 3 2 Recipient will not, for a three (3) year period following the date that Recipient is no longer employed or engaged by Franchisee, either directly or indirectly, for himself or herself or through on behalf of or in conjunction with any other person or entity (i) divert or attempt to divert any present or prospective Store customer to any competitor by direct or indirect inducement or otherwise or do or perform directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System, or (ii) employ or seek to employ any person who is or has been within the previous thirty (30) days employed by Franchisee or Franchisor or an affiliate of Franchisor as a managerial or supervisory employee or otherwise directly or indirectly induce such person to leave his or her employment or (iii) own, maintain advise operate engage in be employed by make loans to invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with any self-service candy and confection business that is the same or similar to the Store which offers one-price candy and confections for sale at retail in bulk or which sells candy and confection products in bulk at retail in a manner similar to the System

2 4 **Third Party Beneficiary** Franchisor is, and shall be and remain, a third party beneficiary of this Agreement and shall have the independent right to enforce the terms of this Agreement

3 GENERAL TERMS

3 1 **Injunction** Recipient recognizes the unique value and secondary meaning attached to the Confidential Information and the elements of the System and agrees that Recipient's noncompliance with the terms of this Agreement or any unauthorized or improper use of the Confidential Information by Recipient will cause irreparable damage to Franchisor and its franchisees Recipient therefore agrees that if Recipient should engage in any unauthorized or improper use or disclosure of the Confidential Information Franchisor and Franchisee independently will be entitled to both permanent and temporary injunctive relief from any court of competent jurisdiction without notice or the posting of any bond, to prevent any unauthorized or improper use or disclosure of the Confidential Information in addition to any other remedies prescribed by law Due to the irreparable damage that would result to Franchisor and Franchisee from any violation of this Agreement, Recipient acknowledges and agrees that any claim Recipient believes he or she may have against Franchisor or Franchisee will be deemed to be a

matter separate and apart from Recipient s obligations under this Agreement and will not entitle Recipient to violate or justify any violation of the provisions of this Agreement

3 2 **Heirs and Successors, Entire Agreement** This Agreement shall be binding upon and inure to the benefit of the parties their heirs successors and assigns This Agreement represents the entire understanding between the parties regarding the subject matter of this Agreement and supersedes all other negotiations agreements, representations and covenants, oral or written This Agreement may not be modified except by a written instrument signed by Franchisor and Recipient that expressly modifies this Agreement The parties intend this Agreement to be the entire integration of all of their agreements on this subject of any nature regarding the subject matter of this Agreement No other agreements, representations, promises, commitments or the like, of any nature, exist between the parties

3 3 **No Right to Use Proprietary Marks or System** This Agreement is not a license of any sort, and does not grant Recipient any right to use or to license the use of the Confidential Information which right is expressly reserved by Franchisor

3 4 **Waiver and Validity** Failure by Franchisor or Franchisee to enforce any rights under this Agreement shall not be construed as a waiver of such rights Any waiver including a waiver of default in any one instance, shall not constitute a continuing waiver or a waiver in any other instance Any invalidity of any portion of this Agreement shall not affect the validity of the remaining portions and unless substantial performance of this Agreement is frustrated by any such invalidity, this Agreement shall continue in full force and effect

3 5 **Headings and Gender** The headings in this Agreement are for purposes of convenience only and shall not be used in construing the provisions of this Agreement As used in this Agreement, the male gender shall include the female and neuter genders, the singular shall include the plural and the plural, the singular

3 6 **Attorneys Fees** If Franchisor becomes a party to any legal proceedings concerning this Agreement by reason of any act or omission of Recipient, Recipient shall be liable to Franchisor for the reasonable attorneys fees and court costs incurred by Franchisor in the legal proceedings If any party to this Agreement commences any legal proceeding against another party arising out of or in connection with this Agreement, the prevailing party shall be entitled to recover from the other party its reasonable attorneys fees and costs of suit

3 7 **Cumulative Remedies** Any specific right or remedy set forth in this Agreement legal equitable or otherwise, shall not be exclusive but shall be cumulative with all other rights or remedies set forth herein or allowed or allowable by law

3 8 **Notices** Except as otherwise expressly provided herein all written notices and reports permitted or required to be delivered by the parties under this Agreement shall be deemed delivered at the time delivered by hand one (1) business day after transmission by fax or email (with a confirmation copy sent by regular United States mail) or three (3) days after placement in the United States mail by Registered or Certified Mail Return Receipt Requested postage prepaid and addressed as follows

Any notice or demand to Franchisee shall be given to

_____
_____
_____
Fax _____

With a copy to

Sweet Candy Franchise, LLC
929 W Barkley Avenue
Orange, California 92868
Fax _____
Attention President

Any notice or demand to Recipient shall be given to

_____
_____
_____
Fax _____

Any party may change its address for the purpose of receiving notices demands and other communications by a written notice given in the manner set forth above to the other party

3 9 **Governing Law and Venue** This Agreement takes effect upon its acceptance and execution by Franchisee and shall be interpreted and construed under the laws of California In the event of any conflict of law, the law of California shall prevail without regard to the application of California conflict of law rules If, however any provision of this Agreement would not be enforceable under the laws of California, and if the Store is located outside of California and such provision would be enforceable under the laws of the state in which the Store is located then such provision shall be interpreted and construed under the laws of that state Nothing in this Section 3 9 is intended by the parties to subject this Agreement to any franchise or similar law, rules, or regulation of the state of California to which it would not otherwise be subject The parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought within the State of California county of Orange The parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision

3 10 **Counterparts and Electronic Copies** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument Signatures transmitted electronically or by facsimile will be deemed original signatures Electronic copies of this Agreement shall constitute and be deemed an original copy of this Agreement for all purposes, provided that such electronic copies are fully executed dated and identical in form to the original hard copy version of this Agreement

IN WITNESS WHEREOF the parties have executed this Agreement on the Effective Date

FRANCHISEE	**RECIPIENT**
_____	
A _____	
By _____	_____
Name _____	
Title _____	

RECEIPT

This Disclosure Document summarizes provisions of the franchise agreement and other information in plain language Read this Disclosure Document and all agreements carefully If Sweet Candy Franchise, LLC offers you a franchise, Sweet Candy Franchise, LLC must provide this Disclosure Document to you fourteen (14) calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale

New York, Oklahoma, and Rhode Island require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever comes first

If Sweet Candy Franchise LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to The Federal Trade Commission, Washington D C 20580 and the appropriate State Agency identified at Exhibit A

The franchisor is *Sweet Candy Franchise LLC*
Located at *929 W Barkley Avenue Orange California 92868*
Issuance Date *March 27 2017*

The name, principal business address and telephone number of each Franchise Seller offering the Franchise

_____

_____

We authorize the persons and/or entities listed in Exhibit A to receive service of process for us I have received a Disclosure Document dated March 27 2017 This Disclosure Document included the following Exhibits

Exhibit A	List of State Administrators and Agents for Service of Process
Exhibit B --	Table of Contents to Manual
Exhibit C -	Financial Statements
Exhibit D -	Initial Training Agreement
Exhibit E	Franchise Agreement and Attachments
Exhibit F -	Addendum for Store Purchase
Exhibit G	Addendum for Turnkey Unit
Exhibit H -	Area Development Agreement and Attachments
Exhibit I	Asset Purchase Agreement and Attachments
Exhibit J -	Franchise Compliance Certification
Exhibit K	List of Franchisees
Exhibit L -	State Specific Addenda
Exhibit M -	Candidate Confidentiality Agreement
Exhibit N--	Non-Disclosure and Confidentiality Agreement for Employees of Franchisee
Exhibit O--	Receipts

_____ _____

(Print Name) (Signature)

_____

Date

Please sign and date this copy of the Receipt and return it to Royce Fernando, 929 W Barkley Avenue, Orange California 92868

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_____ _____

(Print Name) (Signature)

_____

Date

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